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**ALASKA
TRADE AND FRIENDSHIP MISSION
TO THE SOVIET FAR EAST**

OCTOBER 19-29, 1988



**ALASKA GOVERNOR'S OFFICE OF INTERNATIONAL TRADE
3601 C STREET, SUITE 798
ANCHORAGE, ALASKA 99503**

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This report was prepared by Ginna Brelsford in the Governor's Office of International Trade. If you would like additional copies or are seeking trade relations with the Soviet Far East, you can contact the Office of International Trade at 907•561-5585.

Alaska-Soviet Far East Trade Mission Report Khabarovsk, Primorskii, Magadan Territories

Between October 19-29, 1988 eight representatives of Alaska businesses and government traveled to Soviet Asia to promote trade relations and strengthen ties between Alaska and the Soviet Far East. The delegates met with officials from Khabarovsk, Primorskii, and Magadan territories.

Key Accomplishments

- Signing of first ever Sister-State Agreement between U.S. State and Soviet counterpart: Alaska and Khabarovsk Territory;
- Signing of three separate protocol agreements detailing plans for commercial, cultural, educational and recreational exchanges between Alaska and Khabarovsk Territory, Primorskii Territory and Magadan Territory;
- Establishing commercial ties between several Alaska entrepreneurs and Soviet Far East entities. Highlights of business negotiations pending: establishment of joint ventures in fisheries; development of a telecommunications system between Alaska and Siberia ; exchange of retail goods; mining tours/exchanges, Soviet arctic shipping capabilities; transfer of technology, marketing, packaging and processing of reindeer products; and tourism projects including the exploration of air cargo service between Alaska and the Soviet Far East and the establishment of the Nome/Provideniya air transportation link with the possible expansion of air route service to Magadan, Anadyr and Khabarovsk.
- Delivery and promotion of over ten Alaska business, academic and sports exchange proposals to Soviet Far East government officials;
- Establishment of academic exchange relations between University of Alaska Southeast, Alaska and Khabarovsk Territory educational institution; proposal to exchange youth between school #1 in Magadan Territory and Soldotna school children; proposals to exchange students and commercial projects between youth at Alaska's Mt. Edgecumbe school and Khabarovsk schools with a special emphasis on Native culture and art.

Summary of Soviet Far East Itinerary

- | | |
|-----------------------|---|
| October 19, 20 | Travel between Alaska and Khabarovsk Territory via Niigata, Japan |
| October 21 | Arrival in Khabarovsk Territory, USSR |
| October 22-24 | Business/Government meetings in Khabarovsk |
| October 24-26 | Travel to Vladivostok for Business/Government meetings. Signing of Alaska-Primorskii Protocol. |
| October 26-28 | Return to Khabarovsk for Business/Government meetings with officials from Magadan Territory and to continue discussions with Khabarovsk Territory officials. Signing of Sister-State Agreement/Protocols. Departure for Niigata, Japan. |
| October 29 | Return to the United States. |

"It is a great personal honor to represent the state of Alaska at this historic juncture in U.S.-Soviet relations. It follows Governor Cowper's mandate for Alaska to move beyond its borders into the international arena."

Garrey Peska, Chief of Staff and delegation leader

Trade Mission Participants: Economic Diplomacy

A sense of historical optimism, entrepreneurial ambition and excitement defines the Alaskan character. A trade delegation of eight Alaskan government and business officials traveled to the Soviet Far East to pioneer another frontier: the political and economic landscape of a dramatic landmass and cultural system in the Soviet Far East territories of Khabarovsk, Primorskii and Magadan.

These Alaskans discussed telecommunications, transportation, high-tech arctic engineering/mining, resource management and rural commercial distribution networks. Their unique challenge was to negotiate government-to-government and business projects with key Soviet officials who, for generations, have lived within a planned economy. It was, in essence, a crash course for both sides in communication about capitalist economics and five-year plans.

Trade mission delegates represented a diverse group of Alaska business and government leaders. All participants have devoted considerable resources — financial, political, time — toward establishing economic ties with the Soviet Union.

Delegation

Delegation leader: Garrey Peska, Chief of Staff to Governor Steve Cowper

Bruce Kennedy, CEO and President, Alaska Airlines

Bill Phillips, President, Alaska Joint Venture Seafoods

Samuel Salkin, President, Alaska Commercial Company

Ronald Sheardown, President, Greatland Exploration, Ltd.

Lee Wareham, Senior Vice-President, Alascom

Ginna Brelsford, International Trade Specialist, Governor's Office

Elisa Miller, Soviet Business and Trade Specialist and Mission Coordinator

"A value of this trip for me is that I was able to meet with the premiere arctic shippers in the world. We held discussions on transportation corridors and shipping mine ore concentrates from Lost River (outside Nome, Alaska) to a Soviet smelting plant where the ores would be processed. Soviet vessels would then be used to ship the ore to Pacific Rim nations and could operate year around because of their arctic expertise. We had substantial discussions and there is extreme interest in shipping and joint processing. We also discussed an exchange of technical mining delegations as well as an Alaska Miners Association Arctic Mine Tour."

**Ronald Sheardown, President,
Greatland Exploration Ltd.**

"Officials from Aeroflot, Intourist and Alaska Airlines noted with pleasure that they had worked together effectively on a series of summer tourist charter programs involving flights by Alaska Airlines to Khabarovsk and Leningrad during 1970, 1971 and 1972. During our talks in Khabarovsk, Alaska Airlines indicated that its current priority is obtaining final Soviet approval for weekly summer tourism flights connecting Provideniya with Nome, Alaska beginning in June 1989. I also indicated interest in extending tourist flights to Anadyr from Nome and to Magadan from Anchorage, possibly as soon as 1990."

Bruce Kennedy, CEO and President, Alaska Airlines

"The essence of the direct value of this trip — nut and bolt value — was that I sat down with the Soviet communications engineer and hashed out the first basic communication network between Alaska and the Soviet Far East. Now, these are two technically oriented people discussing a technical solution to a problem of communication. We designed an efficient and economical way to solve the problem. The policymaking happens on a different level. We designed a multi channel UHF radio link between Provideniya and Gambell. It will involve bilateral negotiations between the Soviet Ministry of Posts and Telecommunications and the U.S. State Department and the Federal Communications Commissions."

Lee Wareham, V.P. Operations, Alascom

KHABAROVSK TERRITORY

The Alaska trade delegation was invited to Khabarovsk to sign a sister-state agreement and to conduct specific business meetings on mining, fishing, forest products, tourism, trade of consumer goods, and communications. Two working days were spent in individual meetings, in seminars describing the new business environment and in official functions by invitation of the local government. State-to-State matters included signing a Sister-State Agreement and discussion of educational, cultural, sports exchanges (including native peoples of the region). The Sister-State Agreement was signed by Mr. Peska and Mr. Vozhevitov (Deputy Chairman of the Executive Committee of the Khabarovsk Territory) on 27 October 1988.

"The special significance of this agreement is that other states in the United States and in the Soviet Union can follow our example and establish ties with one another as well. We are so proud to have this happen in the name of both peoples."

**Chairman, Executive Committee Daniluk,
Khabarovsk Territory**

"The signing of a first ever Sister-State Agreement between Alaska and Khabarovsk Territory indicates the commitment and vision leaders from both areas have to forge closer ties. This document (the Sister-State agreement) is to be a working document that provides the necessary political and economic muscle to realize commercial, cultural and economic exchanges."

Garrey Peska, Chief of Staff and delegation leader

**Agreement
to Establish Sister-State Relations between
the State of Alaska (USA) and
the Territory of Khabarovsk (USSR)**

In order to establish long-term and friendly ties between themselves, the State of Alaska and Territory of Khabarovsk officially enter into a sister-state relationship.

Given the fact that establishing friendly ties between regions is one of the factors contributing towards peace and towards the mutual understanding and cooperation between peoples, and considering the common wish of the citizens of the State of Alaska and the Territory of Khabarovsk to contribute their share to the development of good neighbor relations between the USA and the USSR, the plenipotentiaries of the Governor's Office of the State of Alaska and the Executive Committee of the Khabarovsk Territorial Soviet of People's Deputies herewith sign this Agreement to establish sister-state relations between the State of Alaska and the Territory of Khabarovsk.

In the spirit of sister-state relations, both sides express their readiness to cooperate in the following general areas:

exchange of official delegations: specialist in regional problems, tourist groups, representatives of science, technology, economy, art, literature, culture, youth and sports;

exchange of information on different cultures and the activities of local governments, having in mind that these exchanges can facilitate a deeper understanding of each other's experience with economic development, trade, education, provision of social and health services, culture and sports.

Both sides will strive to find other areas and forms of cooperation that represent their mutual interests.

Specific programs of exchange and cooperation will be agreed to each year between the Governor's Office of the State of Alaska and the Executive Committee of the Khabarovsk Territorial Soviet of People's Deputies.

**Summary of
Khabarovsk Region proposals to State of Alaska:**

Forest Product Industry: Investigate, with the State of Alaska, the possibility of the construction of a joint venture for the processing of wood and the possibility of a sale to the enterprise, Dalesprom, of modern wood processing machinery and advanced technology.

State of Alaska action: Disseminate inquiry to forest product industry.

Fishing Industry: Study the question of fishing hake in the U.S. 200 mile zone with fishing vessels of Khabarovsk Fishing Industry Enterprise, Khabarybprom, and the possible acquisition by the Soviet side of cutting/fish processing equipment for filets.

State of Alaska action: Office of International Trade to work with fishing industry and the regulatory bodies to address hake question and fish processing equipment needs.

Air Transport and Tourism: April 1, 1989 deadline for American and Soviet exchange of ideas for the organization of flights between Anchorage and Khabarovsk with a landing in Magadan by Alaska Airlines Boeing 737 and Soviet planes TU-154 or IL-62 of the Far Eastern Division of Civil Aviation with frequencies and times according to negotiations and based on demand.

With the help of State of Alaska, locate tourism firms to work with the Khabarovsk Department of Intourist to explore organizing an August through September 1989 series of tourist programs between Khabarovsk and Anchorage.

Explore an air route between Khabarovsk and Anchorage taking into account the following factors: that Khabarovsk is ready and is realizing an international air route — Niigata/Penyang/Kharbin; that the base for a tourist industry in the city exists with a growth potential; the airport in Khabarovsk connects non-stop flights to Tashkent, Kiev, Moscow, Leningrad, Simferopol, Mineral Waters, Krasnoyarsk, Irkutsk, Novosibirsk, Magadan, Anadyr; there are direct flights to Europe's largest cities via Kiev, Leningrad, Moscow, Tashkent.

State of Alaska action: Work with Division of Tourism to coordinate tourism industry response to Khabarovsk proposals. Assist, when appropriate Alaska Airlines efforts.

Service Industry: Investigate the possibility of sending to the Soviet side, equipment and instruments for chemical and microchemical factories, for hairstyling, sewing and shoe repair.

State of Alaska: Issue information as trade lead in trade newsletter and work with appropriate industries to ascertain interest.

Cultural Exchanges: Concert ensemble, Dalnii Vostok (Far East) of the local Symphony (40-50 people); Chamber orchestra of the local symphony (20 people); Exhibition of Art (50-200 pieces of work); Folk Groups (2-3 groups of 17-25 people each); and traveling exhibit from Regional Museum.

State of Alaska action: Work with state arts groups, native groups and museum to implement exchange proposals.

School children/teacher exchanges: Exchange art exhibits of school children and other "technical creations;" celebrate common festivals (Children for Peace); exchange delegations (Children for Peace); conduct sports events among school children; organize in the State of Alaska, an auction of the works of Native children and exchange teachers.

State of Alaska action: Work with Mt. Edgecumbe, students/teachers at Soldotna schools, State Board of Education, and sports groups to implement proposals.

Sports Contacts: Yearly exchanges of sport delegations on a bezvalutnyi basis (hosts pay hotel, food, local transport) — all kinds of sports, such as skiing, figure skating, hockey, swimming, basketball, light athletics, native sports, baseball.

Jointly conduct training groups, exchange trainers.

Participate in international tournaments taking place in Alaska and in Khabarovsk.

State of Alaska action: Transfer information to state/local sports teams; facilitate with government support of letters when necessary.

**Presented by Deputy Chairman A.M. Vozhevitov,
Khabarovsk Territorial Executive Committee**

Summary of Alaska Meetings in Khabarovsk Territory

Cultural Exchanges/Native to Native Exchanges: Proposal to have two exchanges of Alaska Native groups to the Soviet Far East and for Alaska to receive two Native delegations to Alaska annually; Exchange of Natives in sports events such as the Eskimo Olympics to be held in Alaska. Both sides will seek visa waivers for travel.

Mr. Garrey Peska presented these ideas during a meeting with Mr. O.D. Zakosovskii, Chief of Section, National Peoples of the North, Territorial Committee.

Sports Exchanges: Anchorage Olympic Organizing Committee will issue invitations to the Chairmen of Sports from both Magadan and Khabarovsk Territories to attend the World Junior hockey championships in Anchorage, Alaska in December 1989 and to attend the world junior Alpine Championships in March 1989 in Alaska.

AOC and the Governor's Office will promote youth sports exchanges in hockey as well as high school and university level exchanges; also, covers other sports such as skiing, skating and basketball.

Educational Exchanges: Chief of Staff Peska issued invitation on behalf of the University of Alaska Southeast to exchange faculty and students. Also, Mr. Peska indicated he will contact Mt. Edgecumbe to pursue exchanges of students.

Telecommunications: Alascom and Ministry of Posts and Telecommunications Regional Branch conceptually identified the communications system proposed to be used in the first direct connection between Provideniya and Alaska.

Retail: Alaska Commercial Company (ACC) is exploring an exclusive North American marketing agent for Siberia products made from local gems and minerals. Mr. Salkin of ACC will take sample inventory of Siberian goods to Alaska, assess market and determine prices and estimate sales volume.

Khabarovsk Consumer Coop and ACC agreed to exchange a comprehensive inventory list for sale, average selling price and ACC will determine level of interest in American market. The emphasis is on furs and botanical samples to be submitted for a "similarity of quality" test. Mr. Salkin will seek out a distributor of remote industrial laundry and dry cleaning equipment for Khabarovsk Services Department.

Mining: Alaska Miners Association will organize Soviet Far East mining tour and proposes to exchange mining delegations with Khabarovsk.

Alaska Airlines: Alaska Airlines' current proposal and priority is to obtain final Soviet approval for weekly summer tourism flights connecting Provideniya with Nome, Alaska beginning June 1989.

Alaska Airlines indicated interest in extending tourist flights to Anadyr from Nome and to Magadan from Anchorage, possibly as soon as 1990.

Aeroflot officials urged Alaska Airlines to seek Magadan as a technical stop on an Anchorage/Magadan/Khabarovsk routing.

Alaska Joint Venture Seafoods: Several business proposals pending; President Bill Phillips will follow-up with further negotiations.

Other Alaska-Soviet Business Proposals

In addition, Chief of Staff Peska presented a number of Alaska business/educational/sports exchange proposals to Soviet authorities for consideration. The proposals reflected the interests of Alaskans unable to participate in the Trade Mission; they were gathered by the Governor's Office of International Trade. Proposals included:

- Alaska Pacific University — Pioneers Sports Exchange
- Calista Well Services
- University of Alaska Southeast • Cone Alaska
- Key Fisheries Management Group, Ltd
- ISMC
- Independent Cordova Alaska Fish
- PlanGraphics
- Southcoast
- Wrangell Forest Products
- Reindeer Industry Information
- Indian Valley Meats
- Northern Air Cargo Reindeer inquiries
- Alaska Reindeer, Inc.

List of Soviet Officials Alaskans met with in Khabarovsk

V.M. Andreen, Chair, Comm. Physical Education and Sport of Territorial Exec. Committee

E.I. Bogdanov, Director, Institute of Mining

O.D. Zakosovskii, Chief of Section, National Peoples of the North, Terr. Ex. Committee

V.G. Kamyshenko, Chair, Consumer Cooperative, Terr. of Khabarovsk

M.V. Kruglikov, Chair, Chamber of Commerce, Khabarovsk

E.B. Milovanov, Deputy of Far Eastern Economic Region, GOSPLAN

V.S. Ponomarev, Deputy of Intourist Office for Khabarovsk Region

V.H. Potapenko, Chief of Dept. of Education for Terr. Ex. Committee

O.M. Renzin, Chief of Section, Inst. of Economics Research, Academy of Sciences, Far East

V.V. Safonov, Director, Amurskii Division of TINRO

V.P. Safronov, Director, General Director of firm "Khabrybprom"

N.I. Seliutin, Chief of Dept. for Coastal Trade of Terr. Ex. Committee

V.I. Skrypnik, Chief Far Eastern Division of Civil Aviation

V.Ia. Stpokov, Chief of Department for Consumer Services of Terr. Ex. Committee

V.H. Tikhonov, Deputy Chair Planning Commission, Terr. Ex. Committee

PRIMORSKII REGION (VLADIVOSTOK)

The Alaska trade delegation flew from Khabarovsk to Vladivostok for two days of talks with government and industry personnel in Primorskii region. This was an extraordinary opportunity: the city of Vladivostok has been closed to foreigners and many Soviets for over 40 years. Alaska's trade delegation is among the first official state trade delegation to be hosted by Vladivostok authorities.

"The essence of my discussions was that it is possible to have trade in both directions for fur and medicinal botanicals. We agreed to share with each other a comprehensive list of what we have for sale and the average selling price. Based on that information, we'll determine whether we are interested in being a buyer or seller and if there is interest on either side or both sides. We will exchange furs and botanical samples and will test samples through a laboratory analysis for 'similarity of quality.'"

Samuel Salkin, CEO, Alaska Commercial Company

Meetings were held with the newly formed Association for Business Cooperation with countries of the Asia-Pacific; individual meetings were held on shipping, trade in consumer goods, communications. State-to-State meetings focused on exchanging information on fishstocks in the "Donut Hole," as well as establishing regular relations and exchanges in all areas. A protocol — or summary of meetings and discussions — was signed by Chief of Staff Peska and Mr. Bukhanstov (Deputy Chairman of the Executive Committee of the Primorskii Territory) on 25 October 1988.

"A main accomplishment of this trade mission was the evidence of Soviet responsiveness to Alaska business proposals. The Soviets were eager and willing to sit down and talk business details. They met us at the table, we didn't have to go to the other side of the room, find them and bring them to the table."

Elisa Miller, Soviet Business Consultant

**Summary of
Protocol between Primorskii (Vladivostok) and Alaska
on the meetings during the visit of the delegation from the State of
Alaska to Vladivostok 24 to 26 October 1988**

The visit of the Alaska delegation marks a first step toward the establishment of trade, economic, scientific and cultural ties between the State of Alaska and Primorskii Territory. Mutual interest was expressed to establish cooperation in the following directions:

1. **Fishing:** during a meeting at TINRO with Chief of Staff Peska, both sides agreed to the need to exchange information on Salmon and Pollock in the "donut hole." The American side accepted the TINRO invitation to participate in a scientific research expedition on board a Soviet ship in 1989.
2. **Ocean Transportation:** During a meeting with FESCO, FESCO demonstrated great interest in the Greatland Exploration proposals for the transportation of ores from the Arctic port to ports in the Soviet Far East, Southeast Asia and Europe.
3. **Trade Relations:** During a meeting with Kraipotrebosoyuz, both sides discussed the possibility of exporting Soviet goods to the USA on a barter basis for dried medicinal herbs, essential oils, honey and other goods in exchange for consumer goods imports from USA. The American side expressed the need for preliminary market research and laboratory analysis of selected products and agreed to provide the Soviet side with price information.

Both sides agreed to study methods of transporting goods as this is a key element to successful business relations.

4. **Telecommunications:** FESCO will study the Alascom proposal to offer assistance to FESCO ships working in the Eastern section of Chukotka in VHF and MV.
5. **Association for Business Cooperation for Asia-Pacific countries:** The Association leadership explained the purpose of the business association — that it will operate outside of the realm of government and have access to foreign capital and be permitted to trade directly with foreign nations using the special economic zones established in Nakhodka and Vladivostok. The Alaskans discussed the organizational and management structure of the Association and offered ways to raise capital, define services, market services and generally develop a functioning organizational structure.

The program to continue an exchange of delegations will be decided in the first quarter of 1989 and approved by each side. The initial stage of Soviet-American communication will be carried out through the Association for Business Cooperation for Asia-Pacific countries:

690110, Vladivostok
Ul. Leninskaya, 22
Primorskii Kariispolkom
Telex 213221 ASCO SU

Other Proposals: Chief of Staff Peska presented Alaska business proposals (already listed) to the Chamber of Commerce and the Association for Business Cooperation in Asia-Pacific countries.

Key Vladivostok Contacts/Meetings with Alaskans:

V. F. Lutsenko, Chairman, Ex. Comm. of Primorsky Region Soviet People's Deputy

N.D. Bukhantsov, Deputy Chairman, Ex. Comm. Primorsky Region

V. K. Lozovoy, Director General, Association for Business Cooperation with the Asia-Pacific

V. Arkhipov, Director, Association for Business Cooperation with the Asia-Pacific

G.I. Pikua, Vice-President, Far Eastern Shipping Company (FESCO)

I.K. Nikiforov, Manager, Public Relations, FESCO

V.Nagel, Project Manager, DALRYBA Central Design Bureau

M. Litvinenko, Chair, Primorskii Consumer Coop

V.D. Gavriliuk, Vice-Chair Chamber of Commerce

MAGADAN TERRITORY

"Alaska Joint Venture Seafoods, Inc. held extensive discussions with fishing officials from Magadan Territory. The discussions reviewed the operation and capability of both sides and explored areas for joint cooperation. The resources in the Soviet fishery conservation zone are substantial and they have been well managed. The Soviet side shares in the commitment of the U.S. industry to develop a means of controlling the unregulated fishing in the international zone of the Bering Sea. American fishermen have a friend and an ally in the fight for conservation in the North Pacific. Without the assistance of a government sponsored trade mission, I would not have gained access, as easily, to important Soviet officials."

Bill Phillips, President, Alaska Joint Venture Seafoods

Another working day was devoted to meetings with a delegation from Magadan Territory. A delegation of nine from Magadan, led by the Deputy Chairman of the Executive Committee, came to Khabarovsk for meetings on tourism, reindeer meat industry, mining, fishing, exchange of consumer goods — including art objects — and exchange of students in Soldotna, Alaska with students from School number 1 in Magadan.

In discussion and the resulting protocol, specific attention was given to joint efforts to develop coastal and border trade points between Nome, Alaska and Provideniya, Chukotka, and streamlining the travel procedures between these two points. Emphasis was also placed on the development of ties between native peoples in Chukotka and Alaska. A protocol — summary of business meetings and discussions — was signed by Chief of Staff Peska and Mr. Gagarinov (Deputy Chairman of the Executive Committee of the Magadan Region) on 26 October 1988.

**SUMMARY OF
PROTOCOL BETWEEN ALASKA AND MAGADAN TERRITORY
on the business meeting between the delegation from Magadan
Oblast and the delegation from the State of Alaska, which took place
in the city of Khabarovsk on 26 October 1988.**

1. **Coastal Trade:** Both sides agreed to apply to their respective governments (USSR and USA) with proposals to allow Coastal and Border Trade between Magadan Oblast and the State of Alaska, to permit visa waivers for travel between Nome and Provideniya and to simplify the visas for mutual visits to villages and cities in Magadan Oblast and in the State of Alaska.
2. **Tourism:** Organization of a tourist route between Nome and Provideniya with other possibilities in the future; the enterprise "Magadanpromokhota" is able to organize hunting and fishing tourist trips.
- 2.2 **Family Ties:** Development and growth of family connections of native peoples in Chukotka and Alaska, mutual visits of relations, exchange of native folk artists and groups, joint celebration of common native holidays, exchange of delegations of teachers and children with stays in homes, exchanges of students from higher education and exchanges of sports delegations. It is advised to include Intourist and the International Bureau, Sputnik.
- 2.3 **Reindeer Industry:** create in the village of Chaibukha in the North Evenskii region, a joint venture for the processing of reindeer meat; the Soviet side is able to contribute buildings, communications, raw materials, work force; the American side is able to contribute equipment and packaging material. In the future, it is possible to increase the number of such enterprises to five or six.

The Magadan Committee for Agriculture Industry is able to send to interested firms in Alaska skins, young horns and broken horns of the northern reindeer, and is willing to sell high quality female reindeer under F.O.B. conditions, that is export from the city of Peveka with transportation paid for by the purchasing firm.
- 2.4 **Consumer Goods:** The potential organization of a store in Anchorage to sell consumer goods produced by Magadan; the American side contributes the building, sales personnel and the Soviet side contributes goods. The money earned by the Soviet side will be used to buy equipment to serve the needs of the local population in Magadan Oblast.
- 2.5 **Fish/Equipment:** Study the possibilities for catching fish and other sea products, and the processing and marketing of these products. The enterprise "Magadanrybprom" is able to conduct exploration to define the reserves of sea mollusks.

- 2.6 Mining:** Explore cooperation in mining between Magadan and Alaska. The enterprise "Severovostokzoloto" is the appropriate Soviet entity to explore mining interests. By April 1989, a program will be clarified and an exchange of delegations on a hosts pays all basis for eight individuals may occur.
- 2.7 Communication:** The organization, given need, of direct radio, telephone and telegraph communications between Nome-Provideniya-Anadyr. Arrange a multicable line for connections between Provideniya and the island of St. Lavrentia using satellite and TV connections Nome-Anchorage-Anadyr-Magadan.
- 2.8 Transportation:** Work to open air passenger route between Anchorage-Magadan-Khabarovsk. Take into account that air freight between Magadan and Alaska can be managed by airplanes of the Magadan Department of Civil Aviation.

Key contacts who met with Alaskans:

Mr. G.T. Gagarinov, Deputy Chairman of Magadan Executive Committee

Mr. Otto S. Sukhanov, Director, State Design Institute
Dalstroiprojekt

L.M. Shaitanova, Director, School Number 1 in Magadan

V.N. Braiko, General Director, Ministry of Precious Metals and Diamonds, North-East Gold Mining Association

A.A. Russ, Deputy Chief, Freight Department, Civil Aviation Department

G.M. Shishkov, First Deputy Chair, Magadan Agricultural Committee

G.P. Guchek, Deputy Chief, Department of Civil Aviation.

"Each time I visit the Soviet Far East I'm struck by the overwhelming task facing Soviet citizens and authorities: the system requires a comprehensive overhaul. The tension between old and new generations of leadership — in their thinking — is tangible. Both sides devoted considerable effort trying to comprehend and stake positions towards negotiations. Choices and interests are muddled, solutions barely framed. Yet the struggle for understanding and action persists. Somewhere in that struggle lies the sense of possibilities that creates the new consciousness that glasnost and perestroika requires."

Ginna Brelsford,
Governor's Office of International Trade

Delegation Profiles

Delegation Leader: Garrey M. Peska, Chief of Staff, Governor Steve Cowper

Garrey Peska was appointed Chief of Staff in July 1987. As Governor Cowper's Chief Advisor, Mr. Peska oversees Cabinet members and the Governor's Office and spearheads the budgetary and legislative process.

Prior to serving as Governor Cowper's Chief of Staff, Mr. Peska served as Commissioner of Administration for the State of Alaska. A Certified Public Accountant by training, Mr. Peska brings over 18 years of Alaska government related experience and leadership to his present post as Chief of Staff. His positions have ranged from staff at the Division of Legislative Audit to senior aide to the Senate Finance Committee.

Garrey Peska was born May 25, 1945 in Abilene, Texas. He graduated with a Professional Accounting degree from Davenport College in Grand Rapids, Michigan. He is married to Karen Peska and resides in Juneau, Alaska.

Participants

Profile: Bruce R. Kennedy, President and CEO, Alaska Airlines

Bruce R. Kennedy has been a member of the Board of Directors of Alaska Airlines, and a member of the Executive Committee of the Board of Directors, since 1972. He served as Senior Vice President/Properties from 1973 to 1978; served as President and Chief Operating Officer beginning in 1978; and has served as Chairman of the Board of Directors and Chief Executive Officer since 1979.

Mr. Kennedy also holds the offices of Chairman, Chief Executive Officer and President of Alaska Air Group, Inc., the parent company of Alaska Airlines and of Horizon Air, a regional commuter airline which, like Alaska Airlines, is headquartered in Seattle.

Mr. Kennedy was born in Denver, Colorado in 1938 and in 1959 moved to Fairbanks, Alaska, where he lived until 1973. He is a 1962 graduate of the University of Alaska. He currently resides in Seattle, Washington with his wife and two children.

Profile: Bill Phillips, President, Alaska Joint Venture Seafoods

Mr. Phillips is President of Alaska Joint Venture Seafoods. AJVS is the largest Alaska based joint venture company, with a variety of international contract operations. In 1987, it had catch volume of 150,000 metric tons. AJVS owns five modern fishing vessels and manages others.

Mr. Phillips is a lawyer with international expertise. He is a partner in the Chicago-based law firm of Hopkins and Sutter. He manages the legislative and international division of his law firm. He is married and has one son.

Profile: Samuel Salkin, President and CEO, Alaska Commercial Company

Mr. Salkin is President and Chief Executive Officer of Alaska Commercial Company, a twenty-one store chain of retail grocery and general merchandise stores in rural Alaska.

Mr. Salkin has extensive experience in planning, managing and financing community economic development with emphasis on retail enterprises. He has been a consultant to private industry, state and local governments, community development corporations, labor unions, and cooperative organizations.

Mr. Salkin holds an advanced degree in economics and planning from Cornell University as well as a bachelor's degree in industrial relations. He serves on the Board of Directors of First Federal Bank Alaska and Frontier Cooperative Herbs. He is married and the father of two daughters.

Profile: Ron Sheardown, President, Greatland Exploration, Ltd.

Mr. Sheardown serves as President and General Manager of Greatland Exploration, Ltd., a corporation performing mineral exploration, development, mining and consulting. Mr. Sheardown has held this position since 1976. Mr. Sheardown is on the Alaska Minerals Commission, the Executive Board of the Anchorage Olympic Organizing Committee for the 1998 Olympic Winter Games, Vice President Protocol.

Born in 1936 in Ontario, Canada, Mr. Sheardown attended high school and university in Ontario, Canada. He has studied aviation, geology, mining engineering at the University of Toronto and Anchorage Community College. He is married to Karin Sheardown and resides in Anchorage, Alaska.

Profile: Mr. Charles L. "Lee" Wareham, Vice President, Operations, Alascom, Inc.

Mr. Wareham serves as Vice President, Operations for Alascom, the full-service long distance telecommunications company providing service to Alaska. He is responsible for maintenance and operations of more than 200 satellite earth stations and a mix of terrestrial and maritime communication. He has served in a variety of technical and management roles with Alascom since the Company's inception in 1971. Mr. Wareham served as Manager of Pipeline Communications for TAPS, 1974-77.

Born in Butte, Montana, September 24, 1938, Mr. Wareham attended schools in the State of Washington and served in the U.S. Army Signal Corps from 1956-1959. He also attended the University of Washington and Northeastern University. Mr. Wareham is married and has two sons and a daughter.

Ginna Brelsford, International Trade Specialist, Governor's Office of International Trade

Ginna Brelsford coordinates Governor Cowper's Alaska-Soviet Trade Initiative. As a trade specialist, she is responsible for the international marketing of Alaska trade opportunities to Japan, Korea, Taiwan, China and the Soviet Union. She promotes trade leads, trade shows, trade missions, press relations, international business development seminars, and is editor of the Alaska International Trade Digest.

Ginna Brelsford was born in 1958 in Denver, Colorado. An Alaska resident since 1970, Ginna helped found and graduated from Steller Secondary School in Anchorage. A 1980 graduate of Brown University, Ginna holds a B.A. in World Religions and an M.A. in International Relations — with a concentration in international trade law and economics of the North Pacific — from the Fletcher School of Law and Diplomacy of Tufts/Harvard universities. She is married and resides in Anchorage.

Elisa Miller, Soviet Business and Trade Specialist and Mission Coordinator

Elisa Miller is a specialist in Soviet Business and Trade with special expertise on trade between the U.S. West Coast states and the Soviet Far East economic region.

She has her PhD in Soviet-East Asian Economic Relations. She has taught Soviet Business and Trade at the University of Washington's School and Graduate School of Business Administration since 1976. She has been an invited lecturer on many occasions to talk about Soviet Business and Trade and the USSR's Asia Pacific Economic Relationship. She is married and has two children.

Governor Cowper's Alaska-Soviet Trade Relations Chronology

Goal: To build upon existing government/commercial ties to promote Alaska-Soviet Far East Trade.

5/87 Governor Cowper works with Dr. Ted Mala to launch the University of Alaska Siberia Medical Research Project.

7/87 Lynne Cox swim supported by Governor Cowper.

Fall/87 Office of International Trade researches the micro/macro economic potential for Alaska-Soviet Far East Trade. University of Alaska ISER submits report.

Governor Cowper sends message to Khabarovsk Territory Governor Danilyuk seeking a sister-province agreement and trade mission. Receives favorable response.

3/88 Office of International Trade co-sponsors symposium on Alaska-Siberia Relations featuring Soviet Spokesperson Gennadi Gerasimov. Governor Cowper meets with Gerasimov.

4/88 Concerted efforts begin to launch the Alaska Airlines Friendship Flight between Nome and Provideniya. Governor's Office, Jim Stimpfle of Nome, Alaska Airlines and Senator Murkowski's office.

5/88 Governor Cowper receives word from the Soviet Embassy that the Alaska Airlines Friendship Flight to Provideniya was approved.

6/13/88 Alaska Airlines Friendship Flight, Nome to Provideniya.

7/88 Office of International Trade staff travels to the Soviet Far East to promote trade relations and attend Security and Trade Conference.

9/88 Governor Cowper hosts Ministry of Foreign Affairs Journalists and Governor Kobets of Magadan and Mayor Kulinkin of Provideniya.

10/88 Governor Cowper meets with Ambassador Gennadi Gerasimov. Alaska Trade Mission to the Soviet Far East.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF INTERNATIONAL TRADE

STEVE COWPER, GOVERNOR

7TH FLOOR FRONTIER BUILDING
3601 C STREET, SUITE 798
ANCHORAGE, ALASKA 99503-5934
PHONE: (907) 561-5585

September 14, 1988

Representative Mike Davis
P.O. Box 81435
Fairbanks, Alaska 99708

Mike
Dear Representative Davis:

Enclosed is my Soviet Far East Trip Report. I hope you find the information helpful as you explore opportunities and strategies for potential cultural, scientific and trade relations between Alaska and the Soviet Far East.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,



Ginna Breisford
International Trade Specialist
Office of International Trade

SOVIET FAR EAST TRIP REPORT
July 15-26, 1988

by Ginna Brelsford, International Trade Specialist
Governor's Office of International Trade

SUMMARY

The extraordinary political changes of Gorbachev's glasnost and perestroika have yet to filter through the sealed-off region of the Soviet Far East. Western political and economic thought is percolating along the coasts and borders surrounding the Soviet Far East. Attention is now being given to special economic zones that will allow market forces and invite foreign capital into certain regions of the Soviet Far East. A measurable increase in border trade exists between China, Japan and the Soviet Far East and with persistence, trade between Alaska and the Soviet Far East could also increase over the next year.

I travelled to the Soviet Union to attend an international conference on Security and Economic Cooperation in the Pacific Basin. During my 11 day (July 15-26) visit I also sought to advance Alaska trade proposals and to prepare for the state October trade mission to Khabarovsk and Moscow.

In 11 days, I crossed 11 time zones and ventured from Alaska to Moscow to the Soviet Far East to Moscow to Alaska. I travelled nearly around the world twice and visited metropolitan Moscow and the distant regions of the Soviet Far East. I travelled mostly by plane but was treated to an afternoon boat ride along the Amur River in Khabarovsk, followed by a 20-hour train ride from Khabarovsk to the port town and conference site of Nakhodka.

The purpose of the Nakhodka conference was to explore the relationship between military or strategic security issues and regional economic development in the Pacific Basin. Eighty-two participants from 11 countries were represented at the event. The conference message demonstrated that Soviet scholars and ministry officials are now prepared to seriously address the problems associated with developing the Soviet Far East.

A major problem inherent in developing this region is that it remains a military outpost and is therefore considered a mostly closed region. Khabarovsk and Nahodka are relatively "open" to Westerners but most of the other vast areas of the Soviet Far East are closed to foreigners. While the conference provided an important forum for discussion, debate and information sharing, ultimately the Soviet military officials will decide when and if the Soviet Far East is economically developed.

Alaska continues to capture the interest of the Soviets. Alaska holds a special place in their history and I was afforded extraordinary entree as a result. While the average Soviet worker in the Soviet Far East enjoys few tangible results from the sweeping domestic economic reforms, various trade-related sectors of the economy there were delighted with Alaska's offers for trade and impressed with the degree of homework the state demonstrated. Alaska tops the list of states approaching the Soviet Far East, followed by Oregon and Washington.

ISSUES

This report will address the following issues:

How Alaskans can take advantage of the economic opening;
How to do business given changes;
The state trade initiative and new opportunities;
How does new information relate to October trade mission;
Conference and meeting results; and recommended action.

Areas of identified trade potential

Governor Cowper's Alaska-Soviet Trade Initiative identified a number of areas of trade potential. While in Khabarovsk and Nakhodka, I asked for local assessment of areas of economic development and trade potential. Alaska's trade proposals are nicely aligned with the identified and stated policy of economic diversification in the Soviet Far East.

1. Tourism: air/cruise/hotel construction/tourism management seminars in Nakhodka, Provideniya, Khabarovsk and Vladivostock.
2. Construction: port construction, expansion and repair in Provideniya, Nakhodka.
3. Fishing Joint Ventures: Dalryba has identified three Alaska firms to begin negotiations on fisheries joint ventures.
4. Micro-economic projects: reindeer product marketing, native crafts, sled dogs, joint research projects.
5. Telecommunications: establishing video space bridges between Alaska and Kamchatka Peninsula and other towns in the Soviet Far East.
6. Scientific and Cultural exchanges.

Perestroika's effects in the Soviet Far East region and ways this relates to Alaska trade opportunities.

Important changes occurred while I was in the region that directly impact Alaska-Soviet trade relations.

- The port town of Nakhodka was designated a "Foreign Trade Zone" or special economic zone. This means that the region now has autonomy to deal directly with foreigners and to negotiate joint ventures. Once capital is acquired, this area is likely to become a mixed economy region. Alaskans interested in tourism, fisheries, construction and cargo/shipping industries should consider Nakhodka in their itineraries and negotiating strategies.

- A special association, "The Pacific Trade Association," was established in Vladivostock to negotiate foreign trade. This association will be given access to capital and is headed by Mr. Lazovoi, the former director of the trading ministry DALINTORG. It is important that Alaskans direct their correspondence to this trade association, among others, as it will ultimately wield the regional authority to negotiate business transactions.

How to do business in the Soviet Far East/Moscow

Moscow continues to control all major decisions and most minor ones. Alaskans trading with the Soviets still must travel to Moscow and visit the ministry concerned with their projects. For example, most tourism projects are likely to involve Aeroflot, Infloat and Intourist at both the regional and Moscow levels.

The Soviets are eager to begin negotiating business transactions but have little understanding of the process. Each Alaska trade proposal needs to be summarized on one page and detailed business management processes must be outlined. The initiative must come from the Americans. It is not in the Soviet experience to initiate business deals. The doors are opening fast; the first businesses through the door are likely to establish regional monopolies because so much of business depends on trust and face-to-face meetings.

Governor Cowper's Alaska-Soviet Far East Trade Initiative/October Mission

The Alaska-Soviet Trade Initiative seeks to facilitate direct trade relations between Alaska businesses and Soviet ministries. A state trade mission in October 1988 will continue to build on existing Alaska-Soviet ties established through the cultural and scientific exchanges advanced by the University of Alaska, the results of the fisheries delegation visit to Khabarovsk last March and the June 13, 1988 Nome-Provideniya Friendship Flight.

Given the existing ties between our regions and the goal of increasing trade between Alaska and the Soviet Far East, the October trade mission's success will depend largely on the degree of private sector involvement in the mission. It is important to have the state represented but the emphasis should be on opening doors for business people and facilitating trade relations.

Conference Results

The magnitude of economic development required to bring the Soviet Far East into the 20th century is phenomenal. The transportation, distribution, communication and political infrastructure is comparable to a third world nation. The fact that 82 participants from 11 nations took over three days to travel from Moscow to Nakhodka is indicative of an archaic transportation system. With the exception of Gorbachev's 1986 Vladivostock speech urging economic development of the region, few Soviet leaders have put economic diversification and development of the region on their political agendas.

The Nakhodka conference sought to address the immense problems inherent in developing this vast region. Topics addressed included: the Soviet economic plan for the region; the relationship between military development and economic development; mutually beneficial ties that can be established between the Soviet Far East and other Pacific Basin regions. A wider discussion of the role of nuclear weapons in deterring war was held and the impact of improvements in Sino-Soviet relations and Russo-Japanese relations was explored.

The emphasis of the conference was that there is a general trend toward strengthening mutual economic interdependence in the Asia-Pacific basin. Scholars and economists unanimously agree that the 21st century will see a shift in economic power away from the Atlantic region to the Pacific Basin. The ASEAN nations and newly industrialized nations are assuming a more significant place on the world stage and will affect the balance of power in the region.

Conference sessions emphasized the importance of security relations and economic cooperation in the Pacific Basin. Key points included: pockets of conflict continue to dot the horizon and it is easier to speak about misperceptions and conflict than to focus on cooperation. Gorbachev's 1986 Vladivostock speech emphasized economic development in the region but had no recipes. Discussion topics touched upon the recent effects of the Gorbachev-Reagan summit; the Treaty of Liquidation that eliminates two missile classes and the security/political effects of Soviet withdrawal from Afghanistan. Several Soviet participants referred to the July 19th party conference in Moscow and discussed how extraordinary the conference was because of open debate.

Perestroika, it was noted, has met with great interest around the world but has not filtered to the Soviet Far East. Opportunity exists to build economic relations on basis of mutual complementarity and they will likely be profitable relations. An atmosphere of mutual trust must be established to make economic zones function smoothly.

Alaska's economic, military and diplomatic interests in the Soviet Far East stem from geography, trade incentives and a historical link. Alaska and the Soviet Far East share common strengths -- especially in natural resources -- and common constraints -- both are considered remote frontiers within their countries with Washington D.C. and Moscow dictating regional policy. The lessening of regional conflicts and discussion of removing missiles and the focus on military build-ups in the region can positively affect the trade environment for Alaska entrepreneurs. Strengthening regional economic ties between Alaska and the Soviet Far East will lessen military tension in the North Pacific.

ECONOMIC WORKING GROUP

I attended the economic working group. The most important discussions focused on the development of trade/economic relations in the Asia-Pacific region and ways in which regional economic cooperation enhances security relations. Topics addressed included:

capital ventures in the Soviet Far East; border trade and countertrade; the establishment of special economic zones where foreign capital can move more freely. It was noted that out of 50 existing Soviet joint ventures in the Soviet Far East, only two are with the United States.

Over 200 billion rubles have been pumped into the Soviet Far East in an effort to develop the region; however, the region remains a military outpost and until this dynamic is altered, real economic ties are difficult because they pose a potential security risk.

Meetings/Key issues

A large part of my time was spent meeting with government officials from the Academy of Sciences, Infloot, Intourist, Far Eastern Shipping Company and Marine Resources.

The following notes identify the nature of the meetings and recommended action items.

Mr. Michael Chlenov of the Academy of Sciences Institute of Ethnography regarding Nome-Provideniya Friendship Flight and future interaction between Western Alaska and Eastern Siberia village journeys. Mr. Chlenov is one of three authorities in the Soviet Union on the villages of New Chapilino, Uelen, Provideniya, Anadyr and Lawrentiya. He noted that the Friendship Flight was considered a success in the villages and was an indication of the shift in Moscow's policy towards the remote region surrounding Provideniya and represents a first step in opening relations for Natives to travel between Alaska and Siberia.

Mr. Chlenov recommended working with the Minister of Internal Affairs, Mr. Kuznetsov, Intourist and Aeroflot to arrange Alaska tourism packages to the Provideniya region and to facilitate Native travel between Alaska and Siberia.

Marine Resources/Troika/SOVAM -- Nakhodka

I met with Mr. David Stack of SOVAM -- the Soviet-American trading company based in Seattle with Troika and Marine Resources (the 11-year Soviet/American fishing joint venture).

We discussed the state's October mission goals and itinerary. Mr. Stack took me on a tour of their operations and showed the joint venture boats in the Nakhodka harbor. Marine Resources is expanding into a joint Soviet/American trading company that can represent American interests inside the Soviet Far East.

Kamchatka Peninsula Proposal

I met with Mr. Vladimir Efimov of Petropavlovsk (on the Kamchatka Peninsula) who is interested in people-to-people exchanges that can lead to economic exchanges. Mr. Efimov claimed he has the support of the regional Governor to develop exchanges. Potential ties exists between our regions: Kamchatka recently opened two ports to Alaska (U.S.) fishing boats. His main interest is to establish a video space bridge between Kamchatka and Alaska.

Meeting with Vladivostock Tourism Staff

I met with Natalia N. Demeshchenkova, a staff person with the Institute for Ocean Development Studies. Ms. Demeshchenkova is responsible for developing tourism plans that incorporate the natural beauty of the region. She is interested in tourism-related proposals Alaska may have for the Vladivostock region.

We discussed the impact of the October 1988 "opening" of Vladivostock. She recommended working with three main groups in Vladivostock and Moscow to generate trade proposals: Sputnik -- group organizes youth cruises and events; Intourist -- in Moscow and locally responsible for tourism development; and the newly formed Pacific Trade Association.

Note: A Japanese trading company has made a proposal to Vladivostock to build a hotel, train the staff, improve the airport and port. However, the proposal has not yet been accepted.

Vladivostock represents a critical market. It is the largest port in the region. Vladivostock is often compared to San Francisco. It is a closed region -- even to Soviets -- but once opened, will act as a magnet for economic development.

Vladivostock trade opportunities include:

- Sport fishing, tourism -- cultural and historical; beaches, sea tourism and mineral baths.
- Port development/construction;
- Hotel construction and management seminars.
- Development of air service to the region.

Nakhodka Intourist director: Mr. Eugene Parfyonov

Mr. Parfyonov expressed great interest in Alaska tourism and cruise ship development and noted that Intourist stands ready to assist with cruise planning, services on shore, tourism packages and joint ventures.

He mentioned that two American cruise ships visited the port last year -- some 700 American tourists stayed for one day and one night. Joint ventures in hotel development and management service seminars are also of great interest to INTOURIST. A plan exists to build an INTOURIST hotel to accommodate 300 visitors.

Mr. Parfyonov noted, "Our Intourist office has the right to direct contacts with foreign companies and has access to foreign currency." Other trade agencies to contact include DALINTORG and INFLOAT, the internal shipping agency for the region.

MEETING WITH FAR EASTERN SHIPPING COMPANY REPRESENTATIVE : Mr. Valarie

FESCO is the governmental entity responsible for all cargo shipping in the region. The office is headquartered in Vladivostock and Mr. Valarie came to Nakhodka to meet with me and to inquire about Alaska interests in the area. He was interested in Dutch Harbor and wanted to know what type of container cargo they handle.

INFLOAT

Infloat is the government ministry responsible for port and ship related servicing. Services include: setting tariff structures for port user fees; servicing fleets, servicing tourists in conjunction with Intourist; acts as a go-between for ships and government officials. As with Intourist, Infloat stands ready to assist Alaskans with their port related needs.

Dr. Baklanov , Director, Academy of Sciences, Far Eastern Research Institute, Khabarovsk

We discussed the October trade mission to Khabarovsk and the protocol for a sister-province agreement. Dr. Baklanov proceeded to outline the key regional economic development issues :

1. Development of processing industries; 30% of industrial output stems from the extraction and exportation of semi-processed minerals.
2. Development of infrastructure: building and construction of homes is top priority. Goal for year 2000 is that each family will have its own apartment and amenities. The state offers long term leases with favorable terms for families to pay back rubles over a 15-20 year period.
3. Social problems: Development of infrastructure and incentives to encourage people to settle in the Soviet Far East. A worker is paid up to twice as much as a worker in Moscow to encourage them to live in the Far East.

According to Dr. Baklanov, perestroika in the Soviet Far East region means that over time, local enterprises will have more autonomy to make economically related decisions. He

noted that the true effect is limited since little autonomous control has been transferred to the region by Moscow.

Dr. Baklanov identified the following opportunities for Alaska: 1. Research/studies: Magadan region needs to develop better research and scientific exchanges in the areas of northern problems. This includes social/medical/political and environmental issues associated with the Far North.

2. Tourism: Seeking another American airline, preferably Alaska Airlines, to re-establish air routes to Khabarovsk.

Alexander Parkansky, Academy of Sciences, adviser to Soviet Ambassador to the U.S.

Mr. Parkansky reviewed Governor Cowper's Alaska-Soviet Trade Initiative and commented that many of the specific trade proposals have a lot of potential because they are small, manageable projects that facilitate regional economic development.

Mr. Parkansky was to forward specific trade proposals to appropriate ministries.

RECOMMENDED ACTION

Kamchatka Peninsula:

- Contact Alascom for telecommunications/video space bridge idea and contact non-trade groups and see if they are interested in establishing people-to-people relations (perhaps establish a sister-city relationship). Invite Governor of region to Khabarovsk during October to meet with state trade delegation to talk tourism, telecommunications and fisheries.

Vladivostock

- Contact the newly formed Pacific Trade Association with Alaska trade proposals and seek an invitation to Vladivostock for the October mission. Seek Alaska firms interested in developing hotel/port improvements and management training seminars for tourism - development in Vladivostock. Seek out airlines -- Alaska or others-- interested in flying between Alaska and the U.S. and Vladivostock.

Nakhodka

- Contact tourist firms -- from airlines to cruise industry officials-- to see if any interest exists in developing relations with Nakhodka officials. Visit Nakhodka with concrete proposals during the October mission.

If an Alaska entrepreneur wanted to export goods from the Soviet Far East (such as reindeer products) to Asia they could use FESCO facilities in Vladivostock. If Alaska fishing vessels or cruise ships are interested in the Port of Nakhodka, we need to continue communication with INFLOT. For INFLOT to service vessels, it needs all ship related information.

Nakhodka defines its interests as developing a regional economic hub. The port is the only open port in the area and represents an avenue for shipping goods to Asia.

- The port needs modernization. Contact firms interested in port construction.

- Fishing: Dalryba contacted three Alaska firms to begin negotiating for joint ventures in the Bering Sea: Alaska Crab Coalition, Ocean Trawlers and Alaska Joint Ventures. The port of Nakhodka is a likely destination point for some of the joint ventures; the others are Dutch Harbor in the U.S. and two ports on Kamchatka Peninsula in the Soviet Union. For all negotiations, it will be essential to work with Dalryba. This entity must be

contacted both locally in the Soviet Far East and in Moscow.

Nakhodka is being designated by the Soviets as a Foreign Trade Zone. This is similar to China's special economic zone and will allow more direct contact with foreigners and foreign capital for joint ventures. OIT should closely monitor the development of the economic zone and ways this zone can benefit Alaska.

Khabarovsk

- Prepare protocols for trade agreements and sister-province relationship. Inquire whether Alaska Airlines or another airlines is interested in re-establishing an air link between Alaska and Khabarovsk. Inquire whether Exploration Cruise Lines or Society Expeditions are interested in entering into Port of Nakhodka.

- Protocol documents must be drafted for any negotiation and must be accompanied with specific proposals. The work must be done on the American side; the ingenuity and strategy must come from the Americans. The Soviets are ready to negotiate but lack the incentive, innovation and knowledge of ways to establish foreign trade relations.

STATE OF ALASKA

OFFICE OF THE GOVERNOR
JUNEAU

STEVE COWPER
GOVERNOR

NEWS RELEASE



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FOR IMMEDIATE RELEASE
Oct. 29, 1988
No. 88-151

COWPER ANNOUNCES RESULTS OF SOVIET TRADE MISSION

ANCHORAGE--Gov. Steve Cowper announced today the results of an Alaska trade mission to the Soviet Union that includes a first-ever U.S. sister-state relationship with a Soviet territory, two trade and cultural agreements and good prospects for several Alaska business deals.

The sister-state agreement, signed Oct. 27 by Cowper Chief of Staff Garrey Peska in the Soviet city of Khabarovsk, calls for increased trade, and cultural and information exchanges between the two countries. It also establishes an executive committee composed of Alaskans and Soviets to oversee the terms of the agreement.

"This agreement makes formal the improved relationship we've established with the Soviet Far East over the past 18 months," Cowper said. "I'm confident it will lead to new business opportunities for Alaskans and a better understanding of our two systems by people from both countries."

-MORE-

"Alaska is breaking ground for the rest of the country in reducing tensions between the U.S. and Soviet Union. This is another important step toward that goal," the Governor said.

The signing of the agreement capped a 10-day trade mission by five Alaska business leaders and three state officials designed to promote increased trade and improved relations between Alaska and the Soviet Union. The delegation visited Khabarovsk, a major Soviet Far East city, and the port city of Vladivostok, which has been closed to westerners until only recently.

Here are other results of the visit:

- * Signing of a "protocol" or agreement between Alaska and Vladivostok that makes formal trade and cultural exchanges.

- * Signing of a protocol between Alaska and the Soviet territory of Magadan for exchanges.

- * Promising prospects for several business deals with Alaska companies. For example, Ron Sheardown, president of Greatland Exploration, Ltd., received considerable interest for a proposal to ship ore from Nome for processing in the Soviet Union.

Alaska Airlines President Bruce Kennedy discussed expanding the proposed Nome-Provideniya flights to include Khabarovsk. Alaska Commercial Co. President Sam Salkin is

-MORE-

near a deal to import honey into Alaska from Vladivostok.

Alascom Vice President Lee Wareham made progress on establishing a communications system between the USSR and Alaska. Alaska Joint Venture Seafoods President Bill Phillips held talks aimed at joint venture fisheries operations.

The sister-state agreement, signed by Alexander Vojevitov, deputy governor of the Khabarovsk territory, was consummated in a ceremony attended by about 80 Soviets including local, regional and national reporters.

The group departed Alaska Oct. 19 and returned today.

GOVERNOR'S OFFICE OF INTERNATIONAL TRADE
3801 C STREET, SUITE 798
ANCHORAGE, AK 99503
FAX: 907-561-4577

To:

Heather

From:

Lus

Number of pages following transmittal sheet: *4*
Date: *10/21*

Please call 907-561-5585 if this does not transmit properly.

*Last minute permission was given
for the group to travel into Vladivostok
so this is not the final itinerary*

Alaska-Soviet Far East Trade Mission Tentative Itinerary

October 19, 1988 -- Wednesday

- 1:30 p.m.: Check-in at Anchorage International Airport, International Terminal, Japan Airlines, flight # 434.
- 2:00 p.m.: Press Conference, International Terminal, main lobby. All delegates are requested to attend. Press packets describing the mission and delegation will be distributed. Contact Ginna with questions or information for press packets.
- 2:30 p.m.: Meet in the Denali Room of the International Terminal. Trip briefing and final logistics.
- 3:15 p.m.: Board Japan Airlines flight #434.
- 3:50 p.m.: JAL 434 departs for Osaka, Japan.

October 20 -- Thursday

- 8:10 p.m.: Arrive in Osaka. Proceed to Osaka Airport Hotel for check-in. Hotel is within walking distance of the airport. Dinner in hotel complex. No evening activities planned.

October 21 -- Friday

- 8:00 a.m.: Check-out and meet in hotel lobby for breakfast. Hotel must be paid for in cash or credit card.
- 9:15 a.m.: Proceed to airport; check-in for TDA #793 for Niigata.
- 10:35 a.m.: TDA 793 departs for Niigata.
- 12:15 Arrive in Niigata, Japan.
- 2:00 p.m.: Check-in for Aerofloat #696 from Niigata to Khabarovsk.
- 3:30 p.m.: Aerofloat #696 departs for Khabarovsk.
- 6:30 p.m. Arrive in Khabarovsk (Khabarovsk time). Soviet transport to Intourist hotel. Change money at the hotel.

NOTE: BRING YOUR PASSPORTS WITH JAPANESE VISA. ELISA MILLER WILL HAVE YOUR SOVIET VISA.

Page -- 2 -- Alaska Trade Delegation Itinerary

KHABAROVSK TENTATIVE ITINERARY

Trade mission staff recommended the following Khabarovsk itinerary to our Soviet hosts. Final schedules will be provided in Khabarovsk.

While efforts are still being made to travel to Vladivostok and Magadan, this itinerary assumes a Khabarovsk only stay. If last minute permission for travel into these areas is secured, all plans will shift. Please be flexible and ready to travel on a moments notice.

The Soviets are not likely to conduct business on the week-end. We will use the time to explore the city and countryside surrounding Khabarovsk. Official meetings will begin on Monday.

October 22 -- Saturday, Khabarovsk

9:00 a.m.: Breakfast. A table will be designated for our group.

10:00 a.m.: Guided tour of city/visit to markets.

Lunch

2:00 p.m.: Explore the city. Walking tour of neighborhoods/city-center.

Dinner -- Evening entertainment.

October 23 -- Sunday

9:00 a.m.: Breakfast in hotel.

Swimming in open-air pool
Trip to the countryside

Dinner in the city.

October 24 -- Monday

8:30 a.m.: Breakfast in hotel.

10:00 a.m.: Morning Session -- Lecture

"The Soviet Far East Region: Prospects and problems. Historical, cultural, political and economic overview."

Lunch

2:00 p.m. : Afternoon Business Sessions.

Peake:	Working session on sister-state agreement/ creation of trade group and government to government relations.
Kennedy:	Tourism in the Far North.
Phillips:	Fisheries meeting with Dalryba.
Salkin:	Meeting on Consumer Cooperatives.
Sheardown:	Meeting on mining with Magadan officials.
Wareham:	Meeting with Ministry of Telecommunications.

4:00 p.m.: Afternoon activity -- Menu of options to be provided.

Dinner and evening entertainment (symphony, play)

Page -- 3 -- Alaska Trade Delegation Itinerary**October 25 -- Tuesday**

8:30 a.m.: Breakfast in hotel.

10:00 a.m.: Morning session: Economic Relations
 "Doing Business With Foreigners Under The New System Of
 Foreign Economic Relations."

Lunch

2:00 p.m.: Afternoon Business Sessions

Peska:	Meeting on Alaska-Soviet Trade Group and reindeer industry discussions/ TINRO meeting
Kennedy:	Meeting with Civil Aviation officials
Phillips:	Fisheries/TINRO/DALRYBA
Salkin:	Buying furs/Fur farming
Sheardown:	Shipping meeting
Wareham:	Alaska-Soviet Trade Group meeting or Shipping

Dinner: Afternoon activity
 Governor's Office to host Soviet hosts for dinner.

October 26 -- Wednesday

8:30 a.m.: Breakfast at hotel.

10:00 a.m.: Morning Session: Central vs. Local Authority
 "The Role of Central Authorities and Local Authorities Under
 The New System of Administration Of The Economy."

Lunch

2:00 p.m.: Afternoon Business Sessions.

Peska:	To join Salkin in consumer goods distribution meeting
Kennedy:	Activity
Phillips:	Fisheries meetings
Salkin:	Department of local industry/Department of distribution of consumer goods meetings.
Sheardown:	Sports Exchanges/Intourist meetings.
Wareham:	Marine Radio Services meetings.

Dinner: In town with entertainment.

October 27 -- Thursday

8:30 a.m.: Breakfast in hotel.

10:00 a.m.: Morning Session
 "Tasks of the Association for Business Cooperation in the Asia
 Pacific. Topics: Coastal Trade and Creation of Alaska-Soviet Trade
 Group."

Lunch

2:00 p.m.: Activities. Last afternoon in Khabarovsk. Shopping, touring, last
 minute business meetings.

Dinner: Official ceremony to sign Sister-Province Agreement between
 Alaska and Khabarovsk Territory. Gift giving.

Page -- 4- Alaska Trade Delegation Itinerary**October 28 -- Friday**

8:30 a.m.: Breakfast.

10:00 a.m.: Hotel check-out. Prepare for departure.

12:00 : Depart for Airport.

2:30 p.m.: Aerofloat #695 departs for Niigata, Japan.

4:05 p.m.: (Japan time) Arrive Niigata.

5:50 p.m.: Depart for Osaka, TDA Air # 421.

9:40 p.m.: Arrive Osaka. Proceed to Osaka Airport Hotel.

October 29 -- Saturday

Breakfast in hotel. Check-out. Hotel must be paid in cash or credit card.
Return to the United States according to individual itineraries.

Vitaliy S. PONOMARYOV

Deputy Manager
Khabarovsk Branch of the
USSR State Committee for
Foreign Travel

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Alexander M. VOZHEVITOV

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*Translation of material
presented in Khabarovsk, 10/1988.*

Proposals of the Khabarovsk Region for the Development of Sister-State Relations with the State of Alaska in the fields of economics and culture.

Forest Product Industry

To investigate the possibility of the construction of a joint venture for the processing of wood and the possibility of a sale to the enterprise, Dalesprom, of modern wood processing machinery and advanced technology.

Fishing Industry

To study the question of fishing hake in the US 200 mile zone with fishing vessels of Khabarovsk Fishing Industry Enterprise, Khabrybprom, and the acquisition by the Soviet side of cutting/fish processing equipment (for filets).

Air Transport and Tourism

American and Soviet side by April 1, 1989 will exchange ideas for the organization of flights between Anchorage and Khabarovsk with a landing in Magadan with planes (Boeing 737) of Alaska Airlines and planes (TU-154 or IL-62) of the Far Eastern Division of Civil Aviation with frequencies and times according to negotiations and based on demand.

With the help of Tourist Firms in the State of Alaska and the Khabarovsk Dept of Intourist, to work on the question of organizing in August through September of 1989 a series of tourist programs between Khabarovsk and Anchorage.

To look at an airroute between Khabarovsk and Anchorage taking into account: that Khabarovsk is ready and is realizing an international air route -- Niigata/Penyang/Kharbin; the base for a tourist industry in the city exists with a future for growth; the airport in Khabarovsk connects non-stop flights to Tashkent, Kiev, Moscow, Leningrad, Simferopol, Mineral Waters (sic), Krasnoyarsk, Irkutsk, Novosibirsk, Magadan, Anadyr; via Kiev, Leningrad, Moscow, Tashkent there are direct flights to Europe's largest cities.

In order to increase the demand for Anchorage/Khabarovsk flights, Aeroflot in conjunction with Intourist and Alaska Airlines will organize advertising. To reduce the present air traffic load from Montreal to Moscow and New York to Moscow, we propose to transport passengers from Anchorage to Khabarovsk and then to Moscow, this will bring economic benefits to carriers as well as shorten the length of travel.

Service Industry

To investigate the possibility of sending to Soviet side equipment and instruments for chemical and microchemical factories, for hairstyling, sewing and shoe repair.

Culture exchanges

- o Concert ensemble, Dalnii Vostok (Far East) of the local symphony (40-50 people).
- o Chamber orchestra of the local symphony (20 people)
- o Exhibition of Art (50-200 pieces of work)
- o Folk groups (2-3 groups of 17-25 people each)
- o Traveling exhibit from the Regional Museum

Contacts of school children and exchange of teachers

Exchange of art exhibits of school children and other "technical creations."

Celebrating common festivals (i.e., "Children for Peace")

Exchange of delegations ("Children for Peace")

Conducting sport events among school children in a variety of sports.

Organize in the state of Alaska an auction of the works of native children.

Exchange of teachers

Sport Contacts

Yearly exchanges of sport delegations on a bezvalutnyi basis (hosts pay hotel, food, local transport)---all kinds of sports, such as skiing, figure skating, hockey, swimming, basketball, light athletics, native sports, baseball, etc.

Jointly conducting training groups, exchange of trainers

Participation in international tournaments taking place in Alaska and in Khabarovsk.

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Signed: A. M. Vozhevitov, Deputy Chairman,
Khabarovsk Territorial Executive Committee (undated)

A G R E E M E N T

to Establish Sister-State Relations between
the State of Alaska (USA) and the Territory of Khabarovsk (USSR)

In order to establish long-term and friendly ties between themselves, the State of Alaska and the Territory of Khabarovsk officially enter into a sister-state relationship.

Given the fact that establishing friendly ties between regions is one of the factors contributing towards peace and towards the mutual understanding and cooperation between peoples, and considering the common wish of the citizens of the State of Alaska and the Territory of Khabarovsk to contribute their share to the development of goodneighbor relations between the USA and the USSR, the plenipotentiaries of the Governor's Office of the State of Alaska and the Executive Committee of the Khabarovsk Territorial Soviet of People's Deputies herewith sign this Agreement to establish sister-state relations between the State of Alaska and the Territory of Khabarovsk.

In the spirit of sister-state relations, both sides express their readiness to cooperate in the following general areas:

exchange of official delegations; specialists in regional problems, tourist groups, representatives of science, technology, economy, art, literature, culture, youth and sports;

-- exchange of information on different cultures and the activities of local governments, having in mind that these exchanges can facilitate a deeper understanding of each other's experience with economic development, trade, education, provision of social and health services, culture and sports.

Both sides will strive to find other areas and forms of cooperation that represent their mutual interests.

Specific programs of exchange and cooperation will be agreed to each year between the Governor's Office of the State of Alaska and the Executive Committee of the Khabarovsk Territorial Soviet of People's Deputies.

Two original copies of this Agreement were signed, including a Russian and English text, both of which are equally valid.

On behalf of the Governor's
Office of the State of Alaska

G. Pesku

Chief of Staff

On behalf of the Executive
Committee of the Khabarovsk
Territorial Soviet
of People's Deputies

A. Vojevitov

Deputy Chairman