

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILE 8672
2184 SCOMM 84: SENATE SPECIAL COMM. INTL. TRADE & TOURISM, 1991-92



RECORDS CERTIFICATION



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Jim Butler
Signature of Camera Operator

9/20/95
Date

SCOMM

84:0

SCOMM 84: SENATE SPECIAL COMMITTEE ON INTERNATIONAL TRADE &
TOURISM, 1991-92

MEMBERSHIP:

SENATOR PAUL FISCHER, CHAIR
SENATOR AL ADAMS, VICE-CHAIR
SENATOR ARLISS STURGULEWSKI
SENATOR RICK UEHLING
SENATOR FRED ZHAROFF

Created by SR 3, 1991.

Contents: 2" of files. 13 cassettes are also available of
meetings held 2/8/91 - 4/23/92.

LIST OF FILES (PAGE 1) MICROFICHE #

1. EXECUTIVE ORDER 79
2. SB 106
3. SJR 16
4. SJR 44
5. HCR 9
6. HJR 20
7. HJR 23
8. HJR 33
9. HJR 37
10. HJR 48
11. HJR 60
12. HJR 81
13. HJR 82

BILLS FROM THE SENATE ITT COMMITTEE (91-92)

- HCR 9 Supporting a bid by the World Trade Center Alaska/ Anchorage to host the 1994 World Trade Centers Association General Assembly and international trade show.
- HJR 20 Encouraging the United States and Soviet national governments to establish consulates in Alaska and the Soviet Far East.
- HJR 23 Encouraging Gambell, Alaska, and Nuvoye Chapino USSR to be sister cities.
- HJR 33 Relating to the "International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978".
- HJR 37 Relating to the 50th anniversary of the Alaska/Siberia Lend-Lease program.
- HJR 48 Relating to a Pan-American energy alliance.
- HJR 60 Relating to the expansion of the National Air and Space Museum.
- HJR 81 Relating to travel advisories issued by the Department of State.
- HJR 82 Requesting the federal Office of Management and Budget to revise the Standard Industrial Classification system so that distinct statistics for the travel and tourism industry are compiled.
- SB 106 An Act establishing the Alaska-Klondike Gold Rush Centennial Commission; and providing for an effective date.
- SJR 16 Relating to the international trade in furs.
- SJR 44 Supporting increased access near Mt. McKinley through establishment of a visitor activity area at Kantishna.
- EO 79 To move the Office of International Trade, including the Alaska Foreign Offices, from the Office of the Governor to a new Division of International Trade within the Department of Commerce and Economic Development.

SCOMM

84:1

1991 LEGISLATIVE SESSION

BILL NO. E.O. 17
Publish: 1-21-91

Revision Date: _____ Department Affected: Office of the Governor
 Title: Executive Order transferring BRU: Executive Operations
Office of International Trade to DCED Component: OIT
 Sponsor: Rules Committee
 Requestor: Governor COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Funding for the Office of International Trade exists within the state operating budget. These funds will be transferred to the Department of Commerce and Economic Development through the FY 92 budget process.

Prepared By: Michael A. Nizich, Director *Man* Phone: 465-3616
 Division: Administrative Services Date: 1-18-91
 Approved by Commissioner: *[Signature]*
 Agency: Office of the Governor Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: Executive Order transferring BRU: _____
Office of International Trade to DCED Component: _____
 Sponsor: Rules Committee
 Requestor: Governor COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Guy Bell, Director Phone: 465-2505
 Division: Administrative Services Date: January 17, 1991
 Approved by Commissioner: Glenn A. Olds *Glenn A. Olds*
 Agency: Department of Commerce & Economic Development Date: January 17, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).



OFFICIAL BUSINESS

Alaska State Legislature

Senate

Office of the Secretary

PO. BOX V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

January 22, 1991

MEMORANDUM

TO: Senator Paul Fischer, Chair
Senate Special Committee on International
Trade and Tourism

FROM: Nancy Quinto *NQ*
Secretary of the Senate

RE: Executive Order No. 79

The President has referred Executive Order No. 79 (to move the Office of International Trade, including the Alaska Foreign Offices, from the Office of the Governor to a new Division of International Trade within the Department of Commerce and Economic Development) to your committee.

Section 23, Article III of the Constitution states:

The governor may make changes in the organization of the executive branch or in the assignment of functions among the executive branch or in the assignment of functions among its units which he considers necessary for efficient administration. Where these changes require the force of law, they shall be set forth in executive orders. The legislature shall have sixty days of a regular session, or a full session if of shorter duration, to disapprove these executive orders. Unless disapproved by resolution concurred in by a majority of the members in joint session, these orders become effective at a date thereafter to be designated by the governor.

Attachment

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 21, 1991

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

Dear President Eliason:

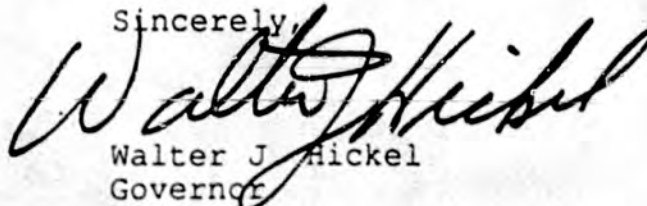
Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting Executive Order No. 79 which would transfer the Office of International Trade from the Governor's Office to the Department of Commerce and Economic Development, effective March 23, 1991.

In accomplishing the transfer, the Executive Order would effect several changes. In addition to creating a Division of International Trade in DCED, it would make it clear that the "Alaska Foreign Offices," referred to in present AS 44.19.075, are within and under the direction of that new division. It would delete the present limitation in that statute of two foreign offices (Tokyo and Seoul) since, in actuality, the state presently has a third office in Taiwan and may wish to establish other offices in the future. Also, it would place the director and deputy director of the new division within the partially exempt service (AS 39.25.120).

I believe that international trade will play an increasingly important role for the Alaska economy over the years ahead and that the State of Alaska can be a significant catalyst in the development of that trade. The state's efforts in that regard can best be carried out by placing the responsibility for those efforts in a new division in the Department of Commerce and Economic Development -- the agency with the overall mission of fostering trade and business growth in the state.

I urge your support of this Order.

Sincerely,



Walter J. Hickel
Governor

Introduced: 1/21/91

Referred in the Senate: Senate Special Committee on International Trade and Tourism, Labor and Commerce and Finance

7-Gs0042

Referred in the House: House Special Committee on International Trade and Tourism and Labor and Commerce

EXECUTIVE ORDER NO. 79

1 Under the authority of art. III, sec. 23, of the Alaska Constitution, and in accordance with
2 AS 24.08.210, I order the following:

3 * Section 1. FINDINGS. As governor, I find that it would be in the best interests of efficient
4 administration to move the Office of International Trade, including the Alaska Foreign Offices, from the
5 Office of the Governor to a new Division of International Trade within the Department of Commerce
6 and Economic Development, thus integrating the state's international trade activities within the state
7 agency responsible for the comprehensive economic development of the State of Alaska.

8 * Sec. 2. AS 39.25.120(c) is amended by adding a new paragraph to read:

9 (21) the director and deputy director of the division of international trade in the
10 Department of Commerce and Economic Development.

11 * Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

12 (33) foster the growth of international trade within the state and administer Alaska
13 foreign offices.

14 * Sec. 4. AS 44.33 is amended by adding a new section to read:

15 ARTICLE 9. DIVISION OF INTERNATIONAL TRADE.

16 AS 44.33.800. DIVISION OF INTERNATIONAL TRADE. (a) There is established
17 within the Department of Commerce and Economic Development the division of international
18 trade to foster the growth of trade between Alaska and foreign countries.

19 (b) The division of international trade shall maintain foreign offices, including an office
20 located in Tokyo, Japan and Seoul, Republic of Korea. The foreign offices shall serve as outlets
21 for information related to economic development, resources, and trade and as contact points for
22 government and private industry of Alaska and for the Pacific Rim nations of Asia and other
23 foreign countries to promote and maintain trade between the state and those countries.

1 (c) The commissioner shall staff the foreign offices with persons the commissioner
2 selects based on their experience, training, and linguistic ability. The commissioner shall solicit
3 ideas from the legislature regarding desirable staff qualifications and its recommendations of
4 persons to staff the offices. The commissioner may hire additional personnel as necessary.

5 (d) The governor shall direct all state agencies, and request the federal government and
6 private industry, to provide the division of international trade with necessary reports, brochures,
7 and information requested by division staff.

8 (e) The commissioner shall report annually to the legislature on the activities and
9 accomplishments of the division of international trade.

10 (f) The expenses of operating the division of international trade and its foreign offices
11 shall be included in appropriations made to the Department of Commerce and Economic
12 Development.

13 * Sec. 5. AS 44.19.075 is repealed.

14 * Sec. 6. TRANSITION. Contracts, rights, liabilities, and obligations created by or under a law
15 amended or repealed by this Executive Order, and in effect on March 22, 1991, remain in effect
16 notwithstanding this Order's taking effect. Records, equipment, appropriations, and other property of
17 agencies of the state whose functions are transferred under this Order shall be transferred to implement
18 the provisions of this Order.

19 * Sec. 7. EFFECTIVE DATE. This Order takes effect March 23, 1991.

20
21 DATED: 1-21-91

22
23 
24 Walter J. Hickel
25 Governor

SCOMM

84:2

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 106

Revision Date: _____ Department Affected: Office of the Governor
Title: "An Act establishing the Alaska-Klondike Gold Rush Commission,..." BRU: Commissions and Special Offices
Component: Alaska-Klondike Gold Rush Commission

Sponsor: Sens. Sturgulewski, Collins

Requestor: Sen. Sp. Comm. on Intl. Trade

COMPONENT SERIAL NO.

N	A		
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and Tourism and Finance
Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	56.5	58.4	60.2	62.1	64.0	66.2
TRAVEL	10.8	6.8	6.8	6.8	6.8	6.8
CONTRACTUAL	68.7	68.0	68.0	68.0	68.0	68.0
SUPPLIES	1.7	1.7	1.7	1.7	1.7	1.7
EQUIPMENT	11.2	.5	.5	.5	.5	.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	148.9	135.4	137.2	139.1	141.0	143.2

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	148.9	135.4	137.2	139.1	141.0	143.2
FEDERAL FUNDS						
OTHER						
TOTAL	148.9	135.4	137.2	139.1	141.0	143.2

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact: none

ANALYSIS: (Attach a separate page if necessary.)
See attached analysis

Prepared By: Michael A. Nizich, Director *Mon* Phone: 465-3616
Division: Division of Administrative Services Date: 3-4-91
Approved by Commissioner: D. Max Hodel, Chief of Staff
Agency: Office of the Governor Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

PERSONAL SERVICES 56.5

Bill sponsor does not envision the Executive Secretary in the context of the proposed legislation as a secretarial position. A survey of boards in the Department of Commerce and Economic Development with Executive Secretaries indicates appropriate range to be 18. Request for New Position form is attached. Salary shown is step A for FY 91 and includes a one-step merit increase for subsequent years.

Fiscal note assumes administrative support needs of the Commission will be provided by the Office of the Governor.

TRAVEL 10.8

Travel assumes one face-to-face meeting annually and three teleconference meetings. The FY 92 travel estimate includes an additional face-to-face meeting for the Commission's first organization meeting.

Two face-to-face meetings (first year only)

Airfare for seven public members x 2 meetings includes airfare for Executive Secretary for one meeting	5,496
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Per Diem includes average per diem rates for seven members for two meetings and an additional per diem calculation for Executive Secretary travel for one meeting	3,090
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Teleconference meetings

Per diem for seven members attending three teleconferences	2,205
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Total Travel:	10,791
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CONTRACTUAL 68.7

Communication:

Telephone (toll costs, base/local fixed costs, centrex network costs)	
500/mo x 12 months	6,000
Telecopier charges -- 100/mo x 12 months	1,200
Teleconference charges -- 3 @ 2400 (3 teleconferences at 10 sites for 3 hrs.)	7,200
Postage -- 300/mo x 12	3,600
	18,000

Alaska-Klondike Gold Rush Commission
Analysis:

Page 2

Contractual - continued

Transportation:

Freight and express charges -- 75/mo x 12	900
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Advertising, Printing & Binding:

Subscriptions	75	
Advertising -- 5 meetings x 750	3,750	
Printing -- 4 newsletters x 800 each	3,200	
Annual report	7,500	
Forms, misc.	750	15,275

Minor Repair, Maintenance	1,200
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Rental for Space:

150 sq. ft. x \$1.85/sf	3,330
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Other Expenditures and Services:

Includes funding for secretarial services to take and transcribe minutes of meetings; newsletters and annual report preparation	30,000
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Total Contractual:	68,705
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SUPPLIES AND MATERIALS 1.7

Office and library supplies, 100/mo x 12 =	1,200	
Data processing supplies =	500	1,700

EQUIPMENT 11.2

Communication Equipment:

Phone	500	
FAX Machine	2,500	3,000

Data Processing Equipment:

1 PC/printer/software	6,600
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Furniture/Office Equipment:

Desk, chair, etc.	=	975	
2 file cabinets	=	400	
Bookcase	=	200	1,575

Total Equipment:	11,175
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Request For New Position

Page 1 of 1
Revised Date:

FY 92

SCOMM

84:3

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SJR 16

Revision Date: 2/21/91 Department Affected: Fish and Game
 Title: Relating to the international trade in furs BRU: Wildlife Conservation
 Component: Wildlife Conservation
 Sponsor: Senator Frank
 Requestor: _____ COMPONENT SERIAL NO.

4	7	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: No FY 91 impact

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: McKie Campbell Phone: 465-4100
 Division: Commissioner's Office Date: 2/21/91
 Approved by Commissioner: *Paul Hutto for*
 Agency: Fish and Game Date: 2/22/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Alaska State Legislature

Senator Paul Fischer, Chairman
Senator Al Adams, Vice-Chair
Senator Rick Uehling
Senator Arliss Sturgulewski
Senator Fred Zharoff



Post Office Box V
Juneau, Alaska 99811
(907) 465-3791
(907) 465-3883 FAX

Senate Special Committee on International Trade and Tourism

MEMORANDUM

TO: Senator Al Adams
Senator Fred Zharoff
Senator Arliss Sturgulewski
Senator Rick Uehling

FR: Senator Paul Fischer, Chairman *PF*
Senate Special Committee on International Trade & Tourism

DATE: March 5, 1992

RE: Committee Schedule for the Week of March 9, 1992

Wednesday, March 11, 1992 2:30 pm Fahrenkamp Room

- SJR 44 - Supporting increased access near Mt. McKinley through establishment of a visitor activity area at Kantishna.
- HJR 60 - Relating to the expansion of the National Air and Space Museum.
- HJR 48 - Relating to a Pan-American energy alliance.

Alaska State Legislature

Senator Paul Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420
262



State Senate

While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3791

MEMORANDUM

TO: Nancy Quinto
Senate Secretary

FR: Senator Paul Fischer, Chairman
Senate Special Committee on International Trade & Tourism

DATE: February 21, 1991

RE: Committee Schedule for Week of February 25

PF 1-5

Wednesday, February 27 3:30 - 4:30 pm Butrovich Room

SJR 16 - Relating to the international trade in furs



Official Business

Alaska State Legislature

SENATE

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Paul Fischer
Chairman, International Trade & Tourism
Committee

FROM: Senator Steve Frank

RE: SJR 16 Relating to the International Trade
in Furs

DATE: February 20, 1991

The trapping of fur-bearing animals is both a historic part of Alaskan culture and an important economic activity, extending from interstate trade to international exports. However, the animal rights movement, unfair subsidies granted to Alaska's competitors, and the increase in farmed fur have eroded the position of the U.S. fur-trapping industry.

Now, the European Community is proposing to ban all imports of furs from countries that have not banned the leg-hold trap, which would include the United States. This ban would harm Alaska both economically and ecologically, as any significant decrease in trapping could result in animal overpopulation.

This resolution would urge the Office of the U.S. Trade Representative to consider more strongly the interests of the U.S. fur-trapping industry in its negotiations with other nations. It would appear to be both timely and necessary, and I strongly urge your support.

BACKUP FOR SENATE JOINT RESOLUTION NO. 16

THE EUROPEAN COMMUNITY

The modern-day European Community is comprised of three original organizations: the European Coal and Steel Community (founded in 1952), the European Economic Community (1958), and the European Atomic Energy Community (1958). Each of these three parent bodies was originally governed by its own treaty and its own institutions. The Single European Act of 1986 brought the treaties into conformity with one another and spelled out objectives for the three united Communities, which are now more commonly known as the "European Community" since they have been managed by common institutions since 1967. Today the treaties remain the foundation of Community law.

The goals spelled out by the Single Act were: completion of the European internal market and the creation by 1992 of a great commercial area without frontiers; technological development; progress towards economic and monetary union; strengthening of economic and social cohesion; and improvement of both the environment and the working environment.

Today, the twelve nations that belong to the European Community (EC) are the United Kingdom, Ireland, Denmark, Belgium, Netherlands, Luxembourg, France, Greece, Italy, Spain, Portugal, and Germany.

There are four main institutions that govern the EC:

1. EUROPEAN PARLIAMENT: (518 members) Since 1979, its members are elected every 5 years by universal suffrage within the 12 member states. Parliament members form political

rather than national groups. The EP does not have legislative powers like those of national parliaments. It is empowered to:

- *Dismiss the Commission by a two-thirds majority;

- *Supervise the Commission and Council through debating their programs and reports, and through (often incisive) written and oral questions;

- *Give an opinion on Commission proposals before the Council can make a decision on the text, and possibly effect a revision of the text;

2. EUROPEAN COMMISSION: (17 members) Its members are appointed for 4 years by mutual agreement of EC governments; they may not receive instructions from any national government. Decisions are usually taken by a qualified majority vote. Its tasks are:

- *To ensure that Community rules are respected;

- *To act as the sole initiator of EC legislation and propose to the Council of Ministers measures to advance the development of community policies; and

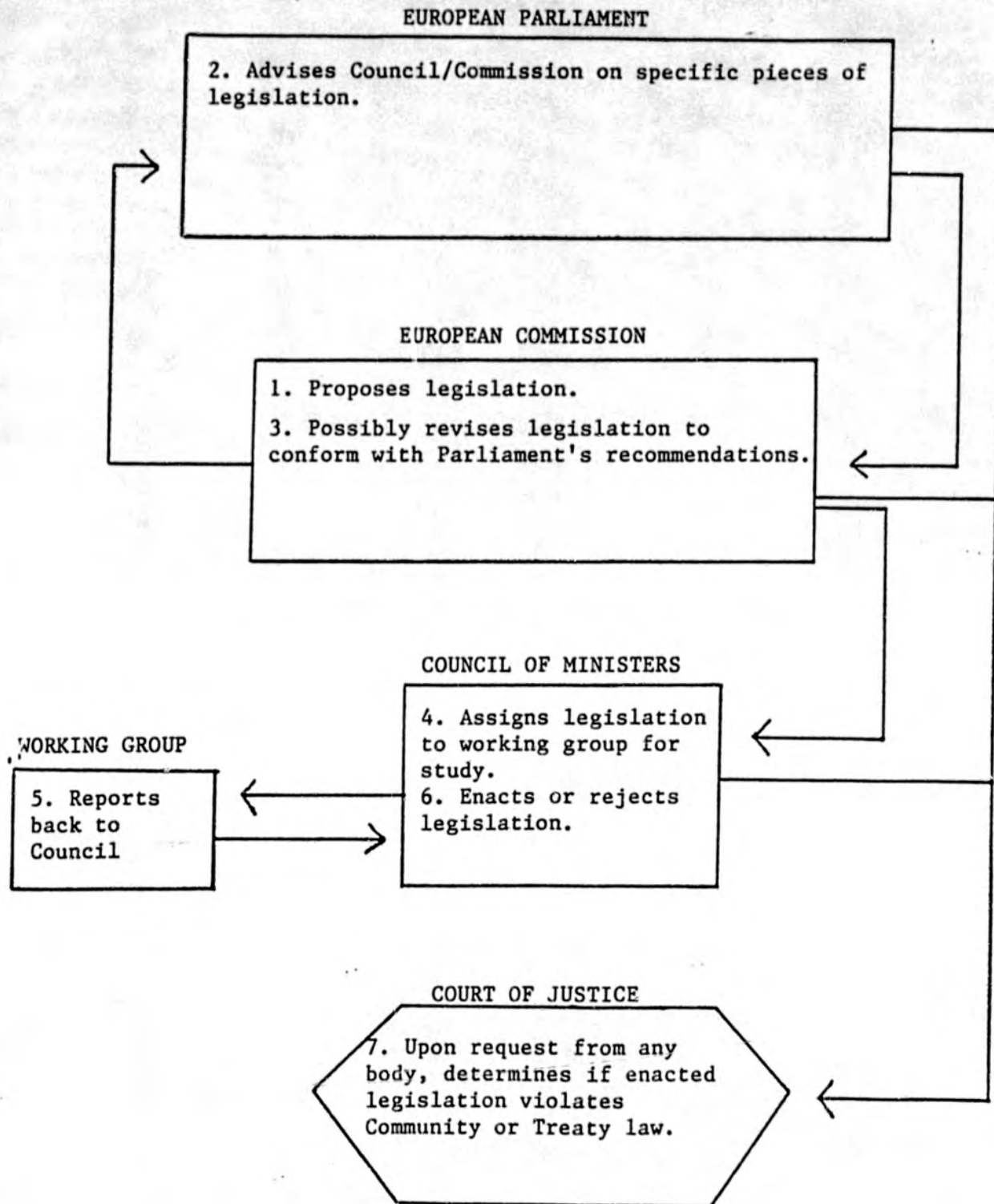
- *To implement Community policies, whether based on Council decisions or directly on treaty provision.

3. COUNCIL OF MINISTERS: (12 members) The Council makes the major policy decisions of the Community. It consists of ministers from state governments. It can deal only with proposals from the Commission and can alter them only by unanimous agreement. Once a Commission proposal is received,

it is normally referred to a "working group" for study. In practice, unanimity is often sought when voting on proposals.

4. EUROPEAN COURT OF JUSTICE: (13 judges; 6 advocates-general) The Court's independence of national influence is guaranteed. Its role is to quash, upon request, any adopted measures which are incompatible with the Treaties, and to pass judgement on the interpretation or validity of points of Community law. The judgements of the Court, in the field of Community law, overrule those of national courts.

DECISIONMAKING PROCESS IN THE EUROPEAN COMMUNITY



FACSIMILE COVER SHEET
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C. 20506

Clearance (to Geneva) _____

Section # 15

Time Sent _____

Date 2/7/91

All Originals Will Be Returned

C.D. Log Number 9

Number of Pages Excluding Cover 4

TO:	NAME:	AGENCY:	PHONE #:	FAX #:
	<u>David</u>	<u>Sen. Frank's</u>	<u>(907) 465-3709</u>	<u>(907) 465-4714</u>
	<u>Skidmore</u>	<u>office</u>		
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

FROM: Bennett M. Harman

PHONE: (202) 395-3074

FAX #: (202) 395-3911

CONTACT: Computer Operations Information Service Desk: (202) 395-3417

SUBJECT: Proposed EC Fur Ban

COMMENTS: Per our conversation. As I mentioned, the draft
regulation was amended: (1) to incorporate an EC ban on the trap in
the reg, (2) to shorten the deadline by a total of 2 years,
and (3) to add 4 species, including muskrat.

2/7/91

Proposed EC Fur Import Ban

On September 24-25, 1990, a USTR-led delegation met with the relevant authorities in the Commission of the European Communities to outline U.S. government concerns regarding their proposed regulation. The Commission representatives stated that the EC would not enact the regulation unless it were in conjunction with a domestic ban on the use of the leghold trap. * They also indicated that the Commission had accepted the European Parliament's proposed amendment shortening by two years the deadline for trading partners to comply with the regulation's requirements. The new deadline would be December 31, 1994, with a possible one-year extension.

The U.S. delegation informed the Commission that both the U.S. government and representatives of the U.S. trapping community are supportive of International Organization for Standardization (ISO) efforts to develop more humane trapping methods provided they are practical and effective. However, we are quite concerned that the timetable contemplated by the draft regulation is unrealistic. To avoid a ban on our exports of certain species of fur, by December 1994 the ISO must complete its work, manufacturers must produce and distribute large quantities of new traps which meet the new standards, and the new traps must be used throughout the United States. The regulation allows only a one year extension if good faith efforts are being made to comply.

The delegation, which included state and federal government wildlife management authorities, made the Commission authorities aware of the complexity of the U.S. system for regulation of trapping. They noted that fur trapping is regulated by all states except Hawaii, and that trapping is an important wildlife management tool to control animal damage, conserve habitats, protect endangered species from predators, etc. An EC import ban based on an unrealistic timeframe for moving to new trapping methods would not only harm U.S. exports, but would disrupt the U.S. wildlife management system.

The Commission representatives indicated that the Commissioner for Environment has already informed the Parliament which of its proposed amendments he would accept. Therefore, the measure now moves to the EC Council of Ministers for consideration. The Council consists of representatives of the twelve EC member states. U.S. government efforts will now be focussed on raising U.S. concerns with the various member states. We hope to ensure that the Council takes these concerns into account in making its decision.

*need to
Change in Resolution*

II

"repealed"

COMMISSION

Proposal for a Council Regulation (EEC) on the importation of certain furs

COM(89) 198 final

(Submitted by the Commission to the Council on 28 April 1989)

(89/C 134/04)

THE COUNCIL OF THE EUROPEAN COMMUNITY,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas Council Directive .../.../EEC of ... on the protection of natural and semi-natural habitats and of wild fauna and flora requires Member States to prohibit the manufacture, sale and use of the leghold trap;

Whereas the Convention on the Conservation of European Wildlife and Natural Habitats⁽¹⁾ concluded by the Community by Council Decision 82/72/EEC, prohibits the use of indiscriminate means of capture and killing, including traps, for certain species;

Whereas the leghold trap is a non-selective and cruel method of trapping; whereas, however, research into the development of humane trapping methods is already in progress; whereas, in addition, the Community's Fourth Environmental Action Programme⁽²⁾ lays down some general guidelines for action in the field of animal welfare;

Whereas, in view of the measures taken within the Community, it is appropriate that, from 1 January 1996, the importation for commercial purposes of certain goods consisting of or including the fur of the species listed in Annex I should be prohibited when they

originate in a country where the leghold trap is still in use in their territory or where trapping methods do not meet internationally agreed humane trapping standards;

Whereas this prohibition can be suspended for a two-year period, expiring on 31 December 1997, if the Commission has determined before 1 July 1994, as a result of a review undertaken in cooperation with the competent authorities of the countries concerned, that sufficient progress is being made in developing humane methods of trapping in their territory,

HAS ADOPTED THIS REGULATION:

Article 1

This Regulation applies to the importation of furs of the species listed in Annex I and of goods including the fur of those species.

Article 2

For the purposes of this Regulation:

- 'specified goods': means all goods listed in Annex I which consist of or include the fur of any of the animals listed in Annex I,
- 'leghold trap': means a trap designed to restrain or capture an animal by means of clamps which close tightly upon one or more of the animal's limbs thereby preventing the limb or limbs from being withdrawn from the trap.

Article 3

1. The entry for free circulation for commercial purposes of the specified goods shall be prohibited from 1 January 1996, unless the Commission has certified that, in the country where the goods originated:

- there exist adequate administrative or legislative provisions, in force, to prohibit the use of the leghold trap in its territory; or

⁽¹⁾ OJ No L 38, 10. 2. 1982, p. 1.

⁽²⁾ OJ No C 328, 7. 12. 1987, p. 1.

— The trapping methods used in its territory for the species listed in Annex I meet internationally agreed humane trapping standards.

The Commission shall publish in the *Official Journal of the European Communities* a list of countries in respect of which certificates have been granted.

2. The prohibition of the entry for free circulation for commercial purposes of the specified goods shall be suspended by the Commission for a two-year period, expiring on 31 December 1997, if the Commission has determined before 1 July 1994, as a result of a review

undertaken in cooperation with the competent authorities of the countries concerned, that sufficient progress is being made in developing humane methods of trapping in their territory.

Article 4

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

ANNEX I

List of species:

- Beaver: *Castor canadensis*
- Otter: *Lutra canadensis*
- Coyote: *Canis latrans*
- Wolf: *Canis lupus*
- Lynx: *Lynx canadensis*
- Bobcat: *Felis rufus*
- Sable: *Martes zibellina*
- Raccoon: *Procyon lotor*

ANNEX II

CN code	Description
4103	Other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split, other than those excluded by note 1 (b) or 1 (c) to this chapter:
4103 90 00	— Other
4301	Raw furskins (including heads, tails, paws and other pieces or cuttings, suitable for furriers' use), other than raw hides and skins of heading No 4101, 4102 or 4103:
4301 40 00	— Of beaver, whole, with or without head, tail or paws
4301 80	— Other furskins, whole, with or without head, tail or paws:
4301 80 50	— — Of wild felines
4301 80 90	— — Other
4301 90 00	— Heads, tails, paws and other pieces or cuttings, suitable for furriers' use
4302	Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings), unassembled, or assembled (without the addition of other materials) other than those of heading No 4303:
	— Whole skins, with or without head, tail or paws, not assembled:
4302 19	— — Other:
4302 19 10	— — — Of beaver
4302 19 70	— — — Of wild felines
4302 19 90	— — — Other
4302 20 00	— Heads, tails, paws and other pieces or cuttings, not assembled
4302 30	— Whole skins and pieces or cuttings thereof, assembled:
4302 30 10	— — 'Dropped' furskins
	— — Other:
4302 30 35	— — — Of beaver
4302 30 71	— — — Of wild felines
4302 30 75	— — — Other
4303	Articles of apparel, clothing accessories and other articles of furskin:
4303 10	— Articles of apparel and clothing accessories:
4303 10 90	— — Other
4303 90 00	— Other

FACSIMILE COVER SHEET

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C. 20506

Clearance (to Geneva) _____

Section # 25

Time Sent _____

Date 2/6/91C.D. Log Number 12Number of Pages Excluding Cover 12

TO: NAME:

AGENCY:

PHONE #:

FAX #:

David Skidmore Office of (907) (907)
Senator Frank 465-3709 465-4714
Alaska
State Legislature

FROM: LORRAINE TAKAHASHIPHONE: (202) 395-3077FAX #: (202)395-3911CONTACT: If There are any problems please call: (202)395-3419SUBJECT: Mink Subsidies/Support Programs

Mrs. Skidmore, as discussed attached are
various cables/articles reporting on mink
support programs elsewhere in the world.
Please call me if you require clarification
or additional information. Best regards
Lorraine Takahashi

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Canada

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FUELL/ITP/FAS: KALLEMEYN/DL&P/FAS

USTR FOR L. TAKAHASHI

E.O. 12356: N/A

TAGS: EAGR, ETRD, CA

SUBJECT: FEDERAL ASSISTANCE TO FURSKINS INDUSTRY

REF: TELECON TAKAHASHI, KESSEL, MILES

1. AN UPDATE OF FEDERAL GOVERNMENT ASSISTANCE TO THE CANADIAN RANCH FOX AND RANCH MINK INDUSTRY FOLLOWS.
2. CITING A WORLD SURPLUS OF FURSKINS, SUBSIDIZED PRODUCTION IN SCANDINAVIA, A STRONG ANTI-FUR LOBBY, AND DEPRESSED NORTH AMERICAN PRICES OVER SEVERAL YEARS, THE CANADIAN RANCH-FUR INDUSTRY SUCCESSFULLY LOBBIED THE GOC FOR FEDERAL MONIES. AS PART OF A FEDERAL INITIATIVE IN MARCH, 1992, TO INJECT UP TO CANADIAN DOLLARS, 500 MILLION INTO THE AGRICULTURAL SECTOR (HEAD CROPS), CANADIAN DOLLARS 50 MILLION WAS EARMARKED TO ASSIST OTHER COMMODITIES. IN MAY, 1992, FOLLOWING A MEETING OF FEDERAL AND PROVINCIAL AGRICULTURAL MINISTERS, THE GOC REPORTEDLY ALLOCATED CANADIAN DOLLARS 12 MILLION TO THE RANCH-FUR INDUSTRY.
3. ACCORDING TO AGRICULTURE CANADA, THE MONEY IS TO BE APPORTIONED TO THE PROVINCES BASED ON 1989 FURSKIN MARKETINGS. ON THIS BASIS, ONTARIO AND THE MARITIME REGION WOULD RECEIVE THE MAJOR SHARE. PARTICIPATING PROVINCES WILL REPORTEDLY EITHER MATCH THE FEDERAL FUNDS WITH NEW MONEY OR APPLY THE VALUE OF EXISTING PROVINCIAL PROGRAMS. THE PROVINCES ARE RESPONSIBLE FOR DESIGNING THE PROGRAM AND DISTRIBUTING THE FUNDS. ACCORDING TO CONTACTS, THE RESPONSE AT THE PROVINCIAL LEVEL TO ACCEPT RESPONSIBILITY FOR MATCHING AND DISTRIBUTING THE MONEY HAS NOT BEEN UNANIMOUS. BASED ON ESTIMATED ELIGIBILITY REQUIREMENTS AND 1989 PRODUCTION LEVELS, THE ESTIMATED VALUE OF COMBINED ASSISTANCE, ACCORDING TO INDUSTRY SOURCES, COULD POTENTIALLY REACH ABOUT CANADIAN DOLLARS 50 PER FELT FOR FOX AND ABOUT CANADIAN DOLLARS 22 PER FELT-FOR-MINK.

4. POST NOTES THAT WHILE SOME OF THE CANADIAN FUR INDUSTRY'S FINANCIAL WOES RELATE TO EXTERNAL FACTORS, CANADIAN FOX FARMERS MAY BE PARTLY TO BLAME FOR SOME OF THEIR OWN TROUBLES. IN 1978, THE YEAR WHEN FOX PELT PRICES IN CANADA HIT A RECORD OF CANADIAN DOLLARS 364 PER PELT, THERE WERE 3.118 FOX PELTS PRODUCED ON 194 FARMS. SINCE THEN, THE NUMBER OF FARMS AND THE NUMBER OF PELTS PRODUCED HAS RISEN SHARPLY AND THE AVERAGE PRICE HAS FALLEN STEADILY. FOR 1988, STATISTICS CANADA REPORTS AVERAGE FOX PELT PRICES AT CANADIAN DOLLARS 52 PER PELT WITH 188,768 PELTS PRODUCED ON 978 FARMS. FOR MINK, FARM NUMBERS HAVE BEEN RELATIVELY STABLE OVER THE PAST DECADE AND NUMBERED 476 FARMS IN 1988. PRODUCTION REACHED 1.4 MILLION PELTS IN 1988. MINK PELT PRICES PEAKED AT CANADIAN DOLLARS 48 DURING 1986, BUT FELL TO CANADIAN DOLLARS 28 IN 1988. PRICES FOR 1992 REPORTEDLY REMAIN WEAK.

5. U.S./CANADA MINK FURSKIN TRADE IS IMPORTANT. OVER CANADIAN DOLLARS 62 MILLION IN 1989. ACCORDING TO OFFICIAL CANADIAN TRADE STATISTICS, U.S. RAW MINK FURSKIN EXPORTERS TO CANADA REGISTERED A CANADIAN DOLLAR 9 MILLION POSITIVE TRADE BALANCE. NEARLY TWO-THIRDS OF CANADIAN MINK FURSKIN IMPORTS OF CANADIAN DOLLARS 58 MILLION, CAME FROM THE UNITED STATES. IMPORTS FROM DENMARK, FINLAND, THE NETHERLANDS AND THE U.K ARE THE ONLY OTHERS OF SIGNIFICANCE AND CONTRIBUTED TO CANADA'S NET IMPORT POSITION. EXACTLY HALF OF TOTAL CANADIAN MINK FURSKIN EXPORTS IN 1989 OF CANADIAN DOLLARS 52 MILLION WERE EXPORTED TO THE UNITED STATES.

COMMENT: THERE IS NO HISTORY OF FEDERAL GOVERNMENT ASSISTANCE TO THE FUR INDUSTRY AND BECAUSE OF THE POLITICAL SENSIVITIES, THE GOC HAS CHOSEN TO DISTRIBUTE FUNDS INDIRECTLY THROUGH THE PROVINCES WITHOUT PUBLIC ANNOUNCEMENT. THE GOC WILL NOT UTILIZE THE AGRICULTURAL STABILIZATION BOARD OR AN AGRICULTURAL STABILIZATION ACT PROGRAM. FROM AN ACCOUNTING PERSPECTIVE, THE MONEY WILL REPORTEDLY BE GROUPED IN OVERALL EXPENDITURES UNDER THE SPECIAL AGRICULTURAL SECTOR INITIATIVE.

THE INSIDERS

By Diane Francis



Fur buyers cloak Ottawa in bad debt

Financial Post

TORONTO fur merchant Syd Sokoloff feels like the sorcerer's apprentice, unable to stop his master, Ottawa, from spewing out cash. And, like all business people, Sokoloff cannot stop the flow.

He says his industry has been wrecked by open-ended credit provided by Export Development Corp. — EDC — and another federal pork barrel known as Science & Technology grants. He's circulating a petition to stop the government largesse.

Sokoloff says Far Eastern fur buyers took advantage of the fact that the EDC gave fur buyers one year's credit. Problem is that sellers weren't fussy about creditworthiness. Then, he adds, Science & Tech grants were thrown around to fur buyers so they could fly here and stay in hotels at discounts and buy too many furs.

The result: Taxpayers have blown a bundle encouraging overbuying that has created a huge glut of furs in Canada and some huge bad debts for Ottawa. "The buyers took advantage of a situation. One small manufacturer in Hong Kong went bust, costing creditors \$22 million and there was also a huge Korean bankruptcy," Sokoloff says.

To be fair, Canada's not the only one indulging in the subsidy war that has increased fur supplies. (There's also diminishing demand caused by animal rights groups that want to stop trapping.) As Canadian government spokesman Leo Duguay wrote in a letter to Sokoloff: "There are ongoing government programs to assist foreign buyers in any industry to come to Canada to attend trade fairs and expositions to purchase Canadian-made products. These have been very successful in increasing our export sales."

'Everything in sight' sold

But Sokoloff says Canada, the U.S. and Scandinavia gave exporters credit insurance. "Here, hotels, airfare and as much as one year's credit was given to buyers from Japan, Korea and Hong Kong. Buyers bought 50,000 or more skins. Without credit they would have bought only 10,000 skins. They bought everything in sight on credit and encouraged ranchers to produce more skins."

Not surprisingly, this contributed to bankruptcies in the Far East as overly generous credit created a glut, cut-throat competition and price cuts. It also has caused the bankruptcy of half North America's 250 mink ranchers and hardship for natives who trap fur.

— For example, world mink production hit 18 million skins in 1985, ballooning to 44 million by 1989. Of this, Canada produces 1.8 million a year while the U.S. produces 3.5 million. Prices, which have been as high as US\$80 a skin, are now around US\$10 even though it costs US\$30 to raise a mink. Wild fur prices have plummeted too, hurting native trappers. Coyote, which cost US\$110 a pelt in 1985, is now US\$10, he says.

Worse yet, he adds, "One Far Eastern buyer got millions from Canadian taxpayers to buy thousands of skins in Canada and send them back to North America to be made into coats."

Sokoloff is sending a petition from fur retailers and manufacturers urging Ottawa to butt out of their business so that the glut can be mopped up in two or three years. Ottawa in this, as in other businesses, must turn off the tap.

Business

External takes up furriers' cause

\$1.8 million information program by government outrages animals rights groups

By Ian Austen
Southern News for the Citizen

Canada's fur industry is receiving \$1.8 million from External Affairs to lobby against the European and U.S. animal rights movement, documents obtained under access to information show.

The five-year information program outrages Canadian animal rights activists, but Ken Brynaert, who is in charge of the plan for the Toronto-based Fur Institute of Canada, defends it. He says External is simply fulfilling its mandate to protect Canadian exports.

"If you look at the central interest here, it's trade," says Brynaert, executive vice-president of the Canadian Wildlife Federation before joining the fur industry and trappers' group. "If (External) sees an area where a market is threatened, it's the responsible thing to protect it."

Barry MacKay, a director of the Animal Alliance of Canada, says he fully accepts that the government has "an obligation to support industries in their export markets."

However, he believes the government has gone beyond acceptable bounds with the International Fur Communications Program.

"They don't normally take a moral stance. That's the part I have difficulty with," says MacKay. "What they're trying to do is undermine our efforts, often with misinformation and propaganda."

According to documents obtained by Ottawa researcher Ken Rubin, External is committed to give \$1.8 million to the program by the end of 1992. The program has been under review for several months and an assessment about future funding is expected shortly.

The project was started to counter a British proposal to label furs obtained with leghold traps.

The lobbying apparently worked is that plan was dropped. The fur institute's attention is now focused on the European Parliament.

Legislators there are considering an amended regulation that — if fully implemented — would ban the import of furs caught with leghold traps or "methods that do not meet internationally agreed humane trapping standards" by 1995. Another version of the proposal would only ban furs not

"If (External) sees an area where a market is threatened, it's the responsible thing to protect it."

—Ken Brynaert
Fur Institute of Canada

caught within the as-yet-undefined international standard.

The leghold trap is the method most commonly used in Canada.

With External's money and funds from trappers and the industry, the fur institute has produced a series of booklets.

Two common themes run through the material.

The first is an apparent play to Europeans' romantic sense of the great Canadian wilderness.

Trappers photographed in the booklets all apparently live in log houses and eschew snowmobiles for dog teams and snow shoes.

One booklet, prepared in part by Environment Canada, offers a curious variation on the animal rights movement's frequent use of gory photos of cute animals struggling in traps.

The 15-page book, titled *In Harmony with Nature*, offers three color photos of two wildcats and a fox gnawing on rabbits.

The other theme is an emphasis on the importance of the fur trade to native Canadians.

Between pictures of a smiling native woman and a jolly child, the French version of *In Harmony* suggests that without the fur trade traditional native family values will disintegrate while the use of illegal drugs, alcohol and crime will rise.

Another campaign by the institute has involved flying European Parliament members to Canada to view trappers at work.

Despite the threat of a ban, the institute believes the program is money well spent.

A May 1989 report to its membership claimed that the mood in Europe is shifting away from a ban and that "Canada is respected for its leadership in trapper education, improved trap standards and the development of international trap standards."

ACTION STD-18

INFO LOC-00 ADS-00 AIC-00 INR-05 EUR-00 SS-00 OIC-02
CIAE-00 EB-00 BINT-05 DOOE-00 N-01 10-19 EXIM-06
NSCE-00 NSAE-00 COME-00 L-03 STRE-00 LAB-04 CTME-00
TRSE-00 ITC-01 OPIC-00 CEA-01 ONB-01 INRE-00 AGRE-00
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INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
UNMISSION GENEVA
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY STOCKHOLM

UNCLAS HELSINKI 07838

FOR USTR - L. TAKAWASHI AND USDA/FAS/ITP - C. HAMILTON
BRUSSELS FOR USEC, GENEVA FOR USTR

E.O. 12356: N/A
TAGS: ETRD, EAGR, ZEC, FI
SUBJECT: FOLLOW-UP SECTION 308 INVESTIGATION:
- MINK SUBSIDIES

REFS: A) STATE 247643 B) STATE 320730 (TOTAL)

1. INFO FROM REFTEL HAS CONVEYED TO MINISTRY OF AGRICULTURE AND FORESTRY SPECIAL RESEARCHER SEPPO HASSINEN AND ALSO TO JUHA HUTTUNEN (FINANCE) AND GUSTAV SMULTTER (FEED) FROM THE FINNISH FUR CENTER. RESPONSE FROM ALL THREE COMBINED INTO PARAS BELOW.

2. THE FINNISH GOVERNMENT IS GIVING FIM 110 MILLION (USD 27.5 MILLION) (BASED ON USD 1 FIM 4) AS A TEMPORARY SUPPORT TO GUARANTEE THE PRICES OF FUR PELTS BEING PRODUCED THIS YEAR AND SOLD DURING THE 1990-1991 SALES PERIOD. ADDITIONALLY, A FIM 40 MILLION (USD 10 MILLION) AMOUNT HAS BEEN RESERVED FOR THE YEAR 1991 BUDGET BILL TO BE GIVEN TO FUR BREEDERS AS A TEMPORARY PELT PRICE SUPPORT NEXT YEAR. DURING THE TWO-YEAR PERIOD GUARANTEE PRICE PROGRAM, THE GOVERNMENT WILL PAY A SUBSIDY OF NO MORE THAN 70 PERCENT OF THE DIFFERENCE BETWEEN CALCULATED PRODUCTION COSTS OF A FUR PELT AND ITS AVERAGE SELLING PRICE. THE PELT PRICE SUBSIDY IS APPLIED TO PELT VOLUMES WHICH ARE LESS THAN 65 PERCENT OF THE PRODUCTION VOLUME OF 1989. THE STATED PURPOSE IS TO ENCOURAGE FUR FARMERS TO REDUCE THEIR PRODUCTION AND AT THE SAME TIME UPHOLD A CERTAIN LEVEL OF FUR PRODUCTION IN FINLAND. THE FUNDS RESERVED FOR FUR PELT PRICE GUARANTEES IN THE SECOND YEAR OF THE PROGRAM ARE SMALLER DUE TO THE FACT THAT THE PREVAILING ECONOMIC DIFFICULTIES IN THE FUR BREEDING SECTOR ARE EXPECTED TO BE SETTLED SOMETIME DURING 1991-1992.

3. THE FINNISH GOVERNMENT HAS ALSO RESERVED FIM 7 MILLION (USD 1.75 MILLION) IN THE NEXT YEAR'S BUDGET BILL TO BE GIVEN TO FUR BREEDERS IN THE FORM OF INTEREST SUBSIDY LOANS. THE INTENT IS TO ALLOW A ONE YEAR DELAY ON INSTALLMENT OF INTEREST SUBSIDY LOANS THAT THE GOVERNMENT DECIDED TO PROVIDE FOR THREE YEARS AT THE END OF 1989.

4. ACCORDING TO A SURVEY MADE IN VAASA PROVINCE, WHERE APPROXIMATELY 85 PERCENT OF THE TOTAL FINNISH FUR PELT FARMING IS CONCENTRATED, THE AVERAGE DEBT OF

A FUR BREEDER IS FIM 300,000 (USD 75,000), WHILE THE CURRENT TURNOVER IN A FARM IS AROUND FIM 165,000 (USD 41,250).

5. AT THE END OF 1989, THE FINNISH GOVERNMENT DECIDED TO GIVE FIM 4 MILLION (USD 1 MILLION) VETERINARY ASSISTANCE FOR RESISTANCE TO CHRONICAL AND INFECTIOUS PLASMACYTOSIS DISEASE.

6. ACCORDING TO THE MINISTRY OF AGRICULTURE AND FORESTRY, THE MINISTRY IS NOT PLANNING ANY OTHER FORMS OF ASSISTANCE FOR FUR BREEDERS.

7. FUR FARMERS IN FINLAND MAY BUY DOMESTIC FEED GRAIN PRICED AT THE WORLD MARKET PRICE AS QUOTED IN ROTTERDAM. GRAIN FARMERS RECEIVE A SPECIFIC TARGET PRICE ON WHICH THEIR INCOME IS CALCULATED, THIS TARGET PRICE EXCEEDS THE INTERNATIONAL PRICE LEVEL. EXPORTED DOMESTIC FEED GRAIN IS PRICED ACCORDING TO THE INTERNATIONAL MARKET LEVEL. CONSEQUENTLY, IN ORDER TO MAKE FUR FARMERS BUY DOMESTIC GRAIN AND SIMULTANEOUSLY REDUCE THE AMOUNT OF EXPORTED FEED GRAIN, THE FUR BREEDING SECTOR IS ALLOWED TO BUY DOMESTIC GRAIN PRICED AT THE WORLD MARKET PRICE. BASED ON LAW AND BUDGET TECHNICAL REGULATIONS, THE SUBSIDY IN QUESTION IS TAKEN FROM FUNDS MEANT TO PROMOTE EXPORTS OF FEED GRAIN. HOWEVER, IF THERE WERE NO DOMESTIC FEED GRAIN AVAILABLE FOR FUR FARMERS' NEEDS, THEY WOULD BE ALLOWED TO IMPORT GRAIN FROM ABROAD. FURTHERMORE, ACCORDING TO THE MINISTRY OF AGRICULTURE AND FORESTRY REPRESENTATIVE, FUR FARMING AS A FIELD OF BUSINESS OPERATING IN INTERNATIONAL MARKETS, SHOULD HAVE ACCESS TO RAW MATERIAL WHICH IS PRICED AT THE INTERNATIONAL PRICE LEVEL.

8. IN 1989, THE FINNISH GOVERNMENT DECIDED THAT FUR BREEDERS WILL BE ALLOWED TO PURCHASE DOMESTIC FEED GRAIN PRICED AT THE FOB, THUS NOT HAVING TO PAY COSTS THAT WOULD ORIGINATE FROM TRANSPORTATION OF GRAIN FROM FINLAND TO ROTTERDAM. THE DIFFERENCE BETWEEN FEED GRAIN PRICED AT CIF AND FOB IS AROUND FIM 0.5 (USD 0.13) PER KG, RESULTING IN A LOWERING OF PRODUCTION COSTS BY APPROXIMATELY 1.2 PERCENT OR FIM 0.80 (USD 0.20) PER MINK PELT. ACCORDING TO THE FINNISH FUR ANIMAL BREEDERS ASSOCIATION, 1.7 MILLION MINK PELTS WILL BE PRODUCED IN FINLAND, WHILE IN THE PREVIOUS BREEDING SEASON 3.9 MILLION PELTS WERE PRODUCED. CONSEQUENTLY, THE TOTAL DOLLAR AMOUNT OF FEED SUPPORT PROVIDED THIS YEAR ON A MINK INDUSTRY-WIDE BASIS IS AROUND USD 340,000.

9. BALTIC HERRING AS MINK FEED: FUR FARMERS HAVE AGREED TO PAY FIM 0.45 (USD 0.12) PER KG FOR BALTIC HERRING THAT THEY BUY FROM FINNISH FISHERMEN, ALLOWING THE FISHERMEN TO RECEIVE A PRICE SUBSIDY FROM THE STATE. THE PRICE OF BALTIC HERRING CAUGHT IN SWEDEN, NORWAY AND DENMARK IS AROUND FIM 0.25 (USD 0.06) PER KG, ALTHOUGH COSTS SUCH AS DELIVERY, FREEZING AND OTHER EXPENSES SHOULD BE ADDED TO THIS SUM. THE FUR FARMERS' ORGANIZATIONS HAVE THEIR OWN FREEZING PLANTS WHERE THEY CAN STORE THE FISH ON A SEASONAL BASIS.

10. IN 1989, 166 MILLION KG OF ANIMAL FEED WAS GIVEN TO MINKS AND POLECATS (THE NUMBER OF PRODUCED POLECAT PELTS IS ONLY OF MARGINAL IMPORTANCE). THE ANNUAL FEED SUPPLY WAS COMPOSED OF FOLLOWING ITEMS:

--WATER 85.5 MILLION LITERS
--DOMESTIC GRAIN 70 MILLION KG
--OFFAL 65 MILLION KG
--WASTE FISH 60 MILLION KG

Finland

UNCLASSIFIED

11. THE TARGET PRICE OF DOMESTIC GRAIN IN 1990 IS APPROXIMATELY FIM 1.80 PER KG. (USD 0.45), WHILE THE INTERNATIONAL PRICE LEVEL IS AROUND FIM 0.30-0.40 PER KG (CA. USD 0.10). HENCE THE DIFFERENCE BETWEEN DOMESTIC AND INTERNATIONAL PRICES OF FEED GRAIN IS AROUND FIM 1.50 (USD 0.37).

12. OTHER COMPONENTS OF THE FOOD SUPPLY, SUCH AS OFFAL AND WASTE FISH, ARE PRICED ACCORDING TO SUPPLY AND DEMAND CONDITIONS BETWEEN FUR FARMERS AND THE INDUSTRY IN QUESTION.

13. IN THE SPHERE OF THE "SEASONAL" LOAN SYSTEM OF THE FINNISH FUR ANIMAL BREEDERS ASSOCIATION, THE AVERAGE AMOUNT OF LOAN PER MINK PELT IS FIM 28 (USD 7) THIS YEAR. THIS SUM IS 50 PERCENT OF THE AVERAGE SELLING PRICE OF MINK PELT IN THE 1989-1990 SALES PERIOD. FARM-RELATED MINK PELT PRICE VARIATIONS ARE TAKEN INTO ACCOUNT IN SETTING THE LOAN AMOUNT. CONSEQUENTLY, IF THE PRICE OF MINK PELT WAS HIGH DUE TO GOOD QUALITY, THE LOAN PER PELT IS HIGHER.

14. HOWEVER, THE "SEASONAL" LOAN IS NOT PROVIDED TO EVERY FUR FARMER. NATURALLY, A FUR FARMER WHO APPLIES FOR THE "SEASONAL" LOAN MUST FULFIL THE NORMAL CREDIT CONDITIONS. ALSO, THE FUR FARMER MUST SELL HIS FUR PELT PRODUCTION VIA SALES ORGANIZATION OF THE FUR ANIMAL BREEDERS ASSOCIATION AND AMORTIZE THE LOAN WITHIN ONE YEAR. THIS YEAR, THE APPLICANT MUST ALSO BE A CUSTOMER OF A SPECIFIC BANK. CONSEQUENTLY THIS YEAR, THE FUR ANIMAL BREEDERS ASSOCIATION WILL PROVIDE LOANS TO 30 - 35 PERCENT OF THE TOTAL NUMBER OF FUR FARMS, WHILE PREVIOUSLY THE SHARE HAS BEEN AROUND TWO THIRDS.

15. IN JULY (THE END OF THE 1989-1990 SEASON) THE FUR ANIMAL BREEDERS ASSOCIATION HAD RESERVED FIM 50,000 (USD 12,500) FOR THE "SEASONAL" LOANS. HOWEVER, THE TOTAL VALUE OF LOAN APPLICATIONS SENT BY FUR BREEDERS ACCOUNTS FOR APPROXIMATELY FIM 35,000-45,000 (USD 8,750-11,250). THE NUMBER OF FUR FARMS THAT HAVE SPECIALIZED IN MINK PRODUCTION IS APPROXIMATELY 1070, WHILE THE NUMBER OF FOX FARMS IS AROUND 2400. 350-400 FARMS HAVE CONCENTRATED ON POLECAT AND DRAGON DOG BREEDING. ACCORDING TO A ROUGH ESTIMATE, THE TOTAL DOLLAR AMOUNT OF "SEASONAL" LOANS TO MINK FARMERS WILL BE FIM 10,000-20,000 (USD 2,500-5,000) THIS YEAR.

WEINMANN

UNCLASSIFIED

Department of State

PAGE 01 BRUSSE 14800 011915Z
ACTION EUR-00

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INFO	LOG-00	ADS-00	AID-00	INR-00	SS-00	OIC-02	CIAE-00
	EB-00	IO-19	NSCE-00	NSAE-00	COME-00	LAB-04	CTME-00
	TRSE-00	CEA-01	EPAE-00	OMB-01	STR-10	INRE-00	AGRE-00
	FRB-01	JUSE-00	SP-00	E-01	/057 W		

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*European
Community*

UNCLAS BRUSSELS 14800

FROM USEC

STATE PASS USDA ELECTRONICALLY TO FAS FOR TING,
HAMILTON/ITP

STATE PASS USTR

E.O. 12356: N/A
TAGS: EAGR, ETRD, SEC
SUBJECT: FOLLOW-UP SECTION 308 INVESTIGATION: MINK
SUBSIDIES

REFS (A) STATE 247643 (B) BRUSSELS 10642

1. AS REQUESTED REF A, USEC AGOFFICER CONTACTED RELEVANT EC COMMISSION OFFICIALS IN DG VI (AGRICULTURE) TO DISCUSS THE STATUS OF EC EFFORTS TO ENCOURAGE FARMERS TO ADJUST THEIR ENTERPRISE MIX AWAY FROM SURPLUS TO NON-SURPLUS PRODUCTS, POSSIBLY INCLUDING FUR-BEARING ANIMALS SUCH AS MINK. REF B REPORTS ON EC LEGISLATION (COUNCIL REGULATION 1094/88) ADOPTED IN APRIL 1988 THAT CALLS FOR THE INTRODUCTION OF AN AID SCHEME BY MEMBER STATES TO ENCOURAGE THE CONVERSION OF PRODUCTION TO NON-SURPLUS PRODUCTS. THE REGULATION REQUIRES THE COUNCIL TO ADOPT A LIST OF ELIGIBLE PRODUCTS FOR CONVERSION AID AND TO ESTABLISH THE CONDITIONS AND PROCEDURES FOR GRANTING AID.
2. AS OF THIS DATE, NO LIST OF TARGETED PRODUCTS HAS BEEN ADOPTED, AND COMMISSION CONTACTS EXPRESSED THE OPINION THAT IT IS EXTREMELY UNLIKELY THAT SUCH A LIST WILL BE ADOPTED ANYTIME IN THE FORESEEABLE FUTURE. FAILURE TO ADOPT A LIST IS DUE PRIMARILY TO THE WIDE DIVERGENCE IN VIEWS AMONG THE MEMBER STATES ABOUT WHICH PRODUCTS SHOULD BE INCLUDED ON THE LIST.
3. IT IS POSSIBLE FOR MEMBER STATES TO RECEIVE FUNDING FROM THE COMMISSION UNDER SEPARATE LEGISLATION (COUNCIL REGULATION 4253/88) FOR REGIONAL RURAL DEVELOPMENT PROJECTS THAT FOCUS ON NON-SURPLUS, NON-TRADITIONAL PRODUCTS. COMMISSION CONTACTS SAID THAT THEY KNEW OF NO PENDING APPLICATIONS FOR REGIONAL PROGRAMS TO AID MINK PRODUCTION UNDER THIS REGULATION.
4. USEC AGOFFICE DOES NOT HAVE THE DATA NECESSARY TO REPORT ON THE SUPPLY IMBALANCE IN MINK FURSKINS IN THE COMMUNITY. FOR THE MOST CURRENT AVAILABLE PRODUCTION AND CONSUMPTION DATA, SUGGEST YOU CONTACT THE MEMBER STATES DIRECTLY. RELATIVELY UP-TO-DATE TRADE STATISTICS ARE KEPT BY EUROSTAT, THE EC COMMISSION'S DATA COLLECTION AGENCY. THESE DATA ARE AVAILABLE FROM THE COMMERCE DEPARTMENT IN WASHINGTON. NILES

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Department of State

PAGE 01 BEIJIN 25439 070929Z
ACTION STR-12

2016

BEIJIN 25439 070929Z

INFO LOG-00 ADS-00 AID-00 INR-05 EUR-00 SS-00 OIC-02
CIAE-00 EB-00 DINT-05 DODE-03 H-01 IO-19 NSCE-00
ARA-00 NSAE-00 L-03 STRE-00 LAB-04 CIME-00 TRSE-00
EAP-00 ITC-01 AIT-03 PA-02 CEA-01 CMB-01 INRE-00
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FM AMEMBASSY BEIJING
TO SECSTATE WASHDC PRIORITY 5486
INFO USDOC WASHDC
AMCONSUL GUANGZHOU
AMCONSUL HONG KONG
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AMEMBASSY MOSCOW
AMEMBASSY BUENOS AIRES
USMISSION GENEVA
AIT TAIPEI 1895
AMCONSUL CHENGDU POUCH

UNCLAS BEIJING 25439

USDA FOR FAS/ITP HAMILTON

USTR FOR TAKAHASHI

GENEVA FOR USTR

E.O. 12356: N/A
TAGS: ETPD, EAGS, CH
SUBJECT: MINK SUBSIDIES

REFTEL: STATE 247644

1. THIS CABLE RESPONDS TO REQUEST FOR INFORMATION CONTAINED IN REFTEL. CHINA FUR AND LEATHER IMPORT/EXPORT CORPORATION OFFICIAL WANG JUN TOLD ECONOFF THAT MORE THAN 90 PERCENT OF CHINA'S MINK PELTS ARE AUCTIONED IN HONG KONG. SHE SAID THAT THE REMAINDER ARE SOLD AT AUCTION IN DENMARK. SHE DID NOT KNOW WHERE THE PELTS WERE SHIPPED AFTER THEY WERE AUCTIONED. SHE SAID THAT 1987 WAS CHINA'S BEST YEAR FOR MINK SALES. IN THAT YEAR PELTS SOLD FOR AN AVERAGE OF US\$35 EACH. SINCE THEN, PRICES HAVE DECLINED STEADILY AND REACHED WHAT SHE BELIEVES WAS A ROCK BOTTOM US\$15 EACH IN APRIL 1998. SHE SAID THAT PELT PRICES HAVE RECOVERED SLIGHTLY SINCE THEN. SHE SAID MOST CHINESE PRODUCERS ARE LOSING MONEY BUT SHE WOULD NOT PROVIDE FURTHER DETAILS.

2. ACCORDING TO CHINESE CUSTOMS STATISTICS, IN 1988 CHINA EXPORTED 1.74 MILLION MINK PELTS WORTH US\$32.96 MILLION. IN 1989, EXPORTS TOTALLED 2.65 MILLION PELTS WORTH US\$32.99 MILLION. WANG SAID THAT CHINA'S PELT SALES AT THE FEBRUARY AND APRIL HONG KONG AUCTION (WHICH INCLUDES ALMOST ALL OF CHINA'S ANNUAL PELT EXPORTS) WERE UP SUBSTANTIALLY FROM A YEAR EARLIER BUT COULD NOT SUPPLY EXACT NUMBERS. SHE ADDED THAT CHINA'S MINK PELT EXPORTS NEXT YEAR AND THE YEAR AFTER WILL DECLINE SUBSTANTIALLY AS MONEY LOSING PRODUCERS CUT BACK PRODUCTION.

3. ACCORDING TO WANG, PROVINCIAL ENTERPRISES PRODUCE ALMOST ALL OF CHINA'S MINK PELTS. VERY FEW COLLECTIVE OR PRIVATELY OWNED COMPANIES ARE INVOLVED IN THIS SECTOR. SHE SAID A NUMBER OF PROVINCES HAVE ADOPTED POLICIES ENCOURAGING MINK PRODUCTION BUT THE CENTRAL GOVERNMENT HAS NOTHING TO DO WITH THAT. SHE SAID SHE COULD NOT SUPPLY ANY FURTHER DETAILS. HER IMPORT/EXPORT COMPANY HAS A NATIONAL MONOPOLY ON MINK PELT AND MINK GARMENT

EXPORTS. THIS MEANS THAT PRODUCING ENTERPRISES MUST SELL THEIR PELTS TO HER BEIJING-BASED IMPORT/EXPORT COMPANY WHICH IN TURN MARKETS THEM ABROAD. SHE SAID PRICES PAID TO PRODUCERS ARE BASED ON THE PREVAILING INTERNATIONAL QUOTE. HER COMPANY SOMETIMES SUBSIDIZES A PRODUCER IF IT IS IN FINANCIAL DIFFICULTIES. SHE WOULD NOT GIVE ANY FURTHER DETAILS. SHE ALSO REFUSED TO PROVIDE INFORMATION ABOUT CHINA'S MINK PELT PRODUCTION COSTS. SHE SAID ALMOST ALL OF CHINA'S PRODUCTION IS EXPORTED.

4. WANG SAID THAT CHINA HOPES TO INCREASE ITS MINK COAT EXPORTS. SHE SAID CHINA HAS IMPORTED EQUIPMENT IN RECENT YEARS THAT WILL ALLOW IT TO EXPAND EXPORTS. SHE SAID EXPORTS IN 1989 WERE 20,000-30,000 PIECES. SHE WOULD NOT SUPPLY VALUE FIGURES.

5. COMMENT: WANG'S COMMENTS INDICATE THAT CHINA'S MINK INDUSTRY IS DEEPLY IN THE RED. IT IS LIKELY THAT THIS DEFICIT IS MADE UP BY A COMBINATION OF CENTRAL GOVERNMENT SUBSIDIES, PROVINCIAL GOVERNMENT SUBSIDIES AND INDIVIDUAL ENTERPRISES SWALLOWING PART OF THE LOSS. MOST OF CHINA'S EXPORTS ENJOY VARIOUS FORMS OF GOVERNMENT SUPPORT AND THE MINK INDUSTRY PROBABLY IS NOT AN EXCEPTION. GOVERNMENT OFFICIALS WILL NOT BE WILLING TO GIVE US DETAILED INFORMATION ABOUT THESE SUBSIDIES. LILLEY

China

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Department of State

PAGE 01 BUENOS 00342 151625Z
ACTION STR-18

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INFO LOG-00 ADS-00 EB-00 ARA-00 COME-00 SSO-00 STRE-00
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FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC IMMEDIATE 3215

UNCLAS BUENOS AIRES 00342

Argentina

PLEASE PASS ELECTRONICALLY TO USTR L TAKAHASHI
PLEASE PASS TO USDA/FAS/ITP C HAMILTON

E.O. 12356: N/A
TAGS: ETRD, EAGR, AR
SUBJECT: REQUEST FOR INFORMATION: MINK SUBSIDIES

REF: STATE 247644

1. SUMMARY: THE MINK INDUSTRY IN ARGENTINE IS RELATIVELY SMALL AND SHRINKING. EXPORTS HAVE FALLEN OFF DRAMATICALLY AND DOMESTIC CONSUMPTION IS DOWN. WE HAVE BEEN UNABLE TO FIND ANY EVIDENCE OF GOA SUBSIDIES FOR MINK PRODUCTION. GIVEN THE FALL IN EXPORTS WE ARE INCLINED TO BELIEVE LOCAL BREEDERS' CLAIMS THAT THE GOA HAS NOT SUBSIDIZED THE INDUSTRY. END SUMMARY

2. THERE ARE 20 BREEDERS OF MINK IN ARGENTINA BUT TWO DOMINATE PRODUCTION (GARCIA MATA AND SPERBER). THE GOA DOES NOT KEEP DATA ON MINK PRODUCTION. IN CONVERSATION WITH THE HEAD OF THE ARGENTINE FUR BREEDERS' ASSOCIATION, GARCIA MATA, HE ESTIMATED PRODUCTION IN 1990 AT 150,000 SKINS FOR THE YEAR. THE PRODUCTION CYCLE FOR MINK IN ARGENTINA BEGINS IN OCTOBER WHEN THE ANIMALS ARE BORN AND ENDS IN JUNE WHEN THEY ARE KILLED, SO THAT THE TOLD PRODUCTION OF SKINS FOR THE YEAR ACTUALLY TAKES PLACE IN ONE MONTH.

3. THE THREE YEAR LONG RECESSION IN THE ARGENTINE ECONOMY AND THE OVERSUPPLY OF MINK IN THE WORLD MARKET HAVE HAD A SIGNIFICANT IMPACT ON THE MINK INDUSTRY HERE. DURING THE LAST TWO YEARS, DOMESTIC CONSUMPTION DECLINED AND EXPORTS HAVE ALMOST STOPPED DUE TO A COMBINATION OF LOW INTERNATIONAL PRICES FOR MINK AND THE IMPOSITION BY THE GOA OF HIGH EXPORT TAXES. IN RECENT YEARS MINK PRICES IN ARGENTINE MARKETS DECLINED FROM USD 50 PER SKIN THREE YEARS AGO TO USD 23 TO 25 PER SKIN NOWADAYS.

4. THE GOA HAS SUSPENDED INDUSTRIAL PROMOTION PAYMENTS UNDER THE EMERGENCY ECONOMIC LAW SINCE SEPTEMBER 1989. MATA SAID THAT THE GOA HAS NEVER PROVIDED INCENTIVES TO PROMOTE MINK PRODUCTION. THE INDUSTRY IS JUST TOO SMALL, HE EXPLAINED, AND OFF THE GOVERNMENT'S SCOPE. MATA SAID THAT HE STARTED THE ARGENTINE INDUSTRY 50 YEARS AGO AS A HOBBY WITH THREE IMPORTED ANIMALS. BREEDERS NOW IMPORT NEW STOCK FROM TIME TO TIME TO KEEP THE BLOOD LINE FROM DETERIORATING.

5. EXPORT TAXES FOR MINK SKINS WERE REDUCED IN AUGUST 1990 FROM 25 PERCENT TO 5 PERCENT. MINK SKINS EXPORTS STILL BEAR, LIKE ANY OTHER PRIMARY PRODUCT EXPORTED, A 3 PERCENT STATISTICAL FEE AND A 1.5 PERCENT TAX TO FUND THE INTA (NATIONAL INSTITUTE FOR AGRICULTURAL TECHNOLOGY). EXPORTS OF MINK APPAREL ONLY BEAR THE 3 PERCENT STATISTICAL FEE. MINK IMPORTS FOR LOCAL CONSUMPTION ARE SUBJECT TO A 16 PERCENT IMPORT DUTY

BUENOS 00342 151625Z
FOR RAW SKINS AND 24 PERCENT FOR TANNED SKINS AND MINK APPAREL.

6. THE ARGENTINE CHAMBER OF SKIN EXPORTERS AND IMPORTERS AS WELL AS THE NATIONAL DIRECTOR FOR WILDLIFE TOLD US THAT SOME TANNERS IMPORT MINK SKINS WHICH ARE TANNED, MANUFACTURED INTO MINK APPAREL AND REEXPORTED TO OTHER COUNTRIES. THIS SYSTEM IS CALLED "TEMPORARY ADMISSION". UNDER THIS REGIME IMPORTS OF RAW MATERIALS ARE BROUGHT IN DUTY FREE. NO DATA IS AVAILABLE ON THE EXPORT OF MINK APPAREL. MATA EXPLAINED THAT THERE IS A RELATIVELY LARGE DOMESTIC CONSUMER MARKET FOR FUR APPAREL, WITH A SUBSTANTIAL PROPORTION OF THIS BEING SOLD TO TOURISTS.

ARGENTINE EXPORTS OF MINK

	RAW		TANNED	
	KILOGRAMS	USDOL	KILOGRAMS	USDOL
1986 TOTAL	2,000	223,500	2,515	286,288
- U.S.	431	71,500	237	65,320
1987 TOTAL	5,064	534,860	592	186,826
- U.S.	355	42,000	88	25,326
1988 TOTAL	230	28,438	105	26,848
- U.S.	0	0	0	0
1989 TOTAL	0	0	405	13,656
- U.S.	0	0	0	0

NOTE: IN 1986 AND 1987 WEST GERMANY WAS THE LARGER BUYER OF ARGENTINE MINK

THE AVERAGE PELT WEIGHS 450 GRAMS.

SOURCE: NATIONAL INSTITUTE OF STATISTICS AND CENSUS,
INDEC

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PAGE 01 COPENH 06090 071225Z
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INFO	LOG-00	ADS-00	AID-01	INR-05	EUR-01	SS-01	CIAE-C
	EB-01	DINT-05	DODE-00	H-01	IO-19	NSCE-00	NSAE-C
	COME-00	L-03	STRE-00	LAB-04	CTME-00	TRSE-00	ITC-01
	PA-02	CEA-01	OMB-01	INRE-00	AGRE-00	FRB-01	USIE-C
	JUSE-00	SP-01	PRS-01	E-01	DPR-01	/069 W	

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P 071221Z AUG 90
FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC PRIORITY 1249
INFO AMEMBASSY BRUSSELS
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY STOCKHOLM
USMISSION GENEVA

UNCLAS COPENHAGEN 06090

BRUSSELS FOR USEC; GENEVA FOR USTR

E.O. 12356: N/A

TAGS: ETRD, EAGR, DA, FI, EEC

SUBJECT: FOLLOW-UP SECTION 308 INVESTIGATION: MINK
SUBSIDIES

REF: A) STATE 247643, B) 89 COPENHAGEN 6108

1. THE MFA HAS PROVIDED US WITH A FORMAL RESPONSE TO
OUR EXPRESSION OF U.S.G. AND US MINK INDUSTRY CONCERN
OVER THE CURRENT OVERSUPPLY OF MINK PELTS AND HAVE
PROVIDED DETAILS OF DANISH PRACTICES REQUESTED REFTTEL
A. ACCORDING TO THE MFA, THE DANISH FUR BREEDERS
ASSOCIATION AND THE MINISTRY OF AGRICULTURE DO NOT SHARE
U.S. MINK INDUSTRY CONCERN OVER THE OVERSUPPLY OF MINK.
ACCORDING TO THEIR STATISTICS, WHICH INCLUDE MINK

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PAGE 02

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PRODUCTION AND EXPORT FROM EASTERN EUROPE, PRODUCTION IN 1988 REACHED 40 MILLION PELTS COMPARED WITH 39 MILLION IN 1989 AND THEY ANTICIPATE A DROP OF 33 PERCENT IN 1990 DOWN TO 26 MILLION. THIS WILL BE ROUGHLY MIRRORED IN DENMARK WHERE THE 1989 PRODUCTION OF 13.5 MILLION PELTS WILL BE REDUCED BY 25 PERCENT IN 1990 TO 10 MILLION PELTS.

2. IN RESPONSE TO THE QUESTION OF HOW DENMARK INTENDS TO ADDRESS THE CURRENT OVERSUPPLY SITUATION, THE MFA REITERATED THE POINTS THAT WE HAVE MADE IN PREVIOUS YEARS (REF B) THAT THERE ARE NO DANISH GOVERNMENT SUPPORT PROGRAMS FOR THE MINK INDUSTRY. ALSO, THERE ARE NO SUBSIDIES PROVIDED WHICH WOULD ENCOURAGE DOMESTIC PELT DOWN, OR ASSIST PRODUCTION MAINTENANCE.

3. THE MFA ALSO STRESSED THAT THE DANISH GOVERNMENT HAS NOT REPEAT NOT AGREED TO SUBSIDIZE THE STORAGE OF MINK PELTS. ACCORDING TO THE MFA, THE MINISTRY OF AGRICULTURE CAN NOT UNDERSTAND HOW SUCH A "SCURRILOUS SUGGESTION" COULD BE GIVEN CREDENCE BY THE U.S.G. IN ADDITION, THE DANISH FUR BREEDERS ASSOCIATION INFORMED THE MFA THAT THEY WERE TOTALLY UNAWARE OF ANY SUCH SCHEME, BUT THAT, OF COURSE, THEY WOULD BE HAPPY TO PARTICIPATE IF ONE WERE INSTITUTED. OUR MFA SOURCE NOTED GIVEN THE CURRENT OVER-SUPPLY OF PELTS, IT IS LIKELY THAT SOME PRIVATE COMPANIES ARE STORING THEIR SURPLUS PELTS IN ORDER TO WAIT FOR MORE FAVORABLE MARKET CONDITIONS. HE STRESSED, HOWEVER, THAT ANY COST INVOLVED IN SUCH PRIVATE STORAGE IS BEING BORNE BY THE PRIVATE COMPANY AND IS IN NO WAY BEING SUBSIDIZED BY THE DANISH GOVERNMENT.

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PAGE 03

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4. THE MFA ASSUMES, AS DO WE, THAT THE EC DAIRY CONVERSION PROGRAM CITED REFTEL IS THAT WHICH PROVIDES SUBSIDIZED NONFAT DRY MILK AS FEED. ACCORDING TO THE MFA, MINK PRODUCERS ONLY TOOK ADVANTAGE OF THIS IN 1984 WHEN THERE WAS SOME SLIGHT FINANCIAL ADVANTAGE TO DO SO. OTHERWISE, THIS PROGRAM HAS NOT BEEN USED BY THE MINK PRODUCERS.

5. FINALLY, AND AGAIN AS WE HAVE REPORTED PREVIOUSLY, INVESTMENT IN BUSINESS MACHINERY AND EQUIPMENT WITH A LIFE TIME NOT EXCEEDING THREE YEARS OR WHICH DOES NOT EXCEED A VALUE OF 5,000 KRONER EACH (FOR INCOME YEAR 1990) MAY BE FULLY DEPRECIATED FOR TAX PURPOSES IN THE YEAR OF PURCHASE. THIS RULE APPLIES TO ALL BUSINESSES AND INDUSTRIES AND IS NOT SPECIFICALLY AIMED AT THE MINK RANCHES. INVESTMENT OF OVER 5,000 KRONER MAY BE DEPRECIATED ON A DECLINING VALUE BASIS ADJUSTED FOR INFLATION AND MAY NOT EXCEED 30 PERCENT PER YEAR FOR EQUIPMENT AND GENERALLY SIX PERCENT PER YEAR FOR BUILDINGS. THE MFA HAS ASKED THE MINISTRY OF AGRICULTURE AND THE DANISH FUR BREEDERS ASSOCIATION FOR AN ESTIMATE OF THE NUMBER OF MINK CAGES WITH THE VALUE OF UNDER 5,000 KRONER WHICH ARE DEDUCTED FROM THE TAX BILL EACH YEAR IN ORDER TO PROVIDE A RESPONSE TO THE QUESTION CONTAINED REFTEL CONCERNING TOTAL DOLLAR BENEFITS TO THE LOCAL INDUSTRY FROM THIS TAX ADVANTAGE. WE WILL PROVIDE THIS INFORMATION AND ANY OTHER DETAILS WHICH COME AVAILABLE ON THE MINK SUPPLY SITUATION ASAP.
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FEB 6 '91 11:05 FROM USTR

URUGUAY ROUND
AGRICULTURAL NEGOTIATIONS
FOREIGN TRADE PRACTICES - COUNTRY LISTS
SUBMITTED ON BEHALF OF
U.S. MINK EXPORT DEVELOPMENT COUNCIL

COUNTRY	PRODUCT(S)	MARKET ACCESS BARRIER/SUPPORT POLICY	ESTIMATED ANNUAL GAIN FROM CHANGE IN POLICY (BILL.\$)
<u>HIGHEST PRIORITY</u>			
Denmark		Internal Subsidies: The government of Denmark provides preferential financing of start-up costs, subsidized transportation of feed, technical feed assistance, and, most recently, preferential financing of operating costs and storage subsidies.	\$15-25
Finland		Internal Subsidies: These include \$27.5 million in guaranteed price supports for 1990 and \$10 million in guaranteed price supports for 1991; \$1.75 million in 1991 for annual interest subsidy loans; \$1 million in veterinary assistance for resistance to "chronical and infectious plasmacytosis disease"; an annual subsidy for feed grain of approximately \$340,000/yr, price supports for Baltic herring, and 166 million kg. of free feed; accelerated tax depreciation; and outright grants to cover operating costs (which could amount to up to \$14.00/pelt, or 50 percent of local production costs.)	\$5-10
European Community		Internal Subsidies: Two EC subsidies have boosted Danish and Dutch milk production in the past. One is the EEC Conversion Program (EEC Reg. No. 797-85), under which preferential financing of capital conversion costs was provided to Danish ranchers to convert dairy farms to mink production. The other is the EEC's Nonfat Dry Milk Program, which in the past authorized subsidized nonfat dry milk to be supplied to Danish Mink food kitchens.	\$15-25
Korea		Discriminatory Tax System: Korea's internal tax system for mink is structured to limit sharply domestic mink garments at retail. A special excess tax for luxury items is assessed at a rate of 60%. When combined with the import duty and other generic national taxes, the total assessed charge comes to more than 100%. An exemption from the luxury tax has been created for garments valued at or below \$1500. This exemption is designed to capture Korean-skin garments and low-grade skins from other sources, but exclude the premium U.S.-skin garments. As such, it is discriminatory in violation of GATT Article III.	\$100

COUNTRY	PRODUCT(S)	MARKET ACCESS BARRIER/SUPPORT POLICY	ESTIMATED ANNUAL GAIN FROM CHANGE IN POLICY (MILL.\$)
<u>PRIORITY</u>			
Italy.		Trade Restrictive Luxury Taxes: Italy subjects mink imports to a luxury tax of 18% for raw skins, 38% for tanned skins.	\$10-20
Canada		National and Subnational Internal Subsidies: At the national level, Canadian ranchers have benefitted in the past from export credits. In May 1990, the Canadian government allocated C\$12 million of federal assistance to the ranch-fur industry. Participating Provinces are required to match the C\$12 million of federal funds with new money or apply the value of existing provincial programs. The combined federal-provincial assistance has the potential of providing C\$22 subsidy per mink pelt. In addition, Canadian mink production benefits from subsidized production credit in Quebec and operating grants in Nova Scotia.	\$10
Argentina		Preferential Export Taxes: Mink apparel exports are taxed at a lower rate than raw mink skins to stimulate processing and export.	Up to \$5

FUR TRAPPERS FEEL THE PINCH

Depressed market, glut of farmed pelts squeeze out Alaska traders

By BEAU BARTON

TIMED BUSINESS WRITER

Fairbanks fur buyer Dean Wilson used to load down his turboprop once a month for a trip to the Seward Peninsula, where he bought furs from villagers in the Nome area.

Business was so good that in the early 1980s Wilson employed five traveling fur buyers to help him fan the state.

Those were the good old days.

Klondike Furs is still considered one of the largest of Alaska's 100 or so fur-buying companies, but Wilson no longer flies into the bush looking for pelts. And he long ago laid off all his fur buyers.

Says Wilson: "The bottom line is you have to buy the product and make a profit."

Both requirements have become increasingly tricky for fur buyers in recent years.

After five years of low fur prices, trapping has fallen out of style in many parts of the state. The reason: Many furs are worth less now than they were 40 years ago, largely because ranches have glutted the market. The problem is so bad that some fur buyers have stopped buying foxes because there is no market for wild pelts.

"It's a difficult time," says Joe Posser, chairman of the Fur Merchants Association, pointing out that wild swings in fashions have exacerbated the problem. "If Alaska fur, which is largely long hair fur, is out of fashion, then you can't be a trapper anymore."

Retail businesses have been hurt as well, slashing prices and profit margins to stay afloat during the glut. Both the Nordstrom department store chain and the Hudson's Bay Co., a Canadian department store chain, have stopped selling furs in the last year because they no longer consider the business profitable.

Nowhere is the depressed state of affairs more evident than in far Western Alaska, in the villages along the Bering and Chukchi seas which are primarily fox and marten country.

In Kotzebue, where Natives have trapped for centuries, community leaders say they know no one currently running a trap line full time.

One Kotzebue man who used to do so is Ross Schaeffer, a quiet Inupiaq who is president of NANA Regional Corp., one of the regional Native corporations formed

See Fur, page C4

Fur

Continued from page C1

by the federal government.

Sitting behind his desk in an open-collared shirt, Schaeffer reminisced about his father teaching him to hunt and trap, just as he had been taught by his father.

Schaeffer said he ran a trap line back in the early 1980s, when the price of fur was high and before he was entrenched in the business world. "Now you can't do that anymore," he said.

Fur is still important to the people in Kotzebue, of course. In the spring they hunt bearded seal as their ancestors have for thousands of years. Caribou, muskrat, otter, wolverine and fox are hunted and trapped to provide mukluks, hats and parkas. Schaeffer himself took to the pack ice last year to kill a polar bear, an animal much prized for

its thick fur and rich meat.

But these animals, for the most part, never make it beyond subsistence uses.

In Kotzebue, the Alaska Commercial Co. has stopped buying fur. There is a pelt outlet on the north end of town, in the downstairs living room of Marc Bird. But all of the furs come from out of state, ranches fur bought on the international market.

"The prices are so low for foxes, it's not even worth (trappers') time to trap them," Marc Bird said.

Gus Gillespie, 550 miles away in Anchorage, runs a somewhat larger operation, buying and selling pelts in rural Alaska from his base in the city.

To get those pelts, Gillespie, a big man who earned his living until three years ago as an electrical engineer, flies to fur auctions in Vancouver and Toronto, looking for high-quality pelts.

"I can get all of the fur I need from buying at the auctions," he says.

Many of those furs, like the in-

digo fox hybrids that sell for most four times the price of wild fox, do not come from fitter trappers but from corporate farms where the animals raised in cages.

In the warehouse behind Gillespie's store, a line of fresh skinned wolves hangs from wire. In another room, a fresh killed wolverine swings from left hind leg, its teeth bared.

While trappers still show up his shop to unload game for their pickups, this is a rapidly dying scene. Wild furs now represent less than 15 percent of furs on the market, according to industry figures. The number farmed fox has doubled in the last 10 years, while the number of mink has increased almost fourfold, to 40 million pelts in 1989.

These pelts, which come from farms, flood the huge international auctions that set the prices. Furs from such places as China — a country that did not even produce mink five years ago but sold 5 million pelts la-

year — have torpedoed prices.

"The whole fur industry is down," says Herb Melchior, an industry specialist for the Alaska Department of Fish and Game. "There's still a lot of coats sold, but they're sold for less and less. It's going to take a long time to get rid of the raw materials."

Many local retail stores insist they have not been hurt by the growing recession in the fur industry. Jerry Green, a manager at David Green Master Furnier, says "many people have been hurt" but his store is growing.

"It's easier for people to afford garments," he said, noting that a mink coat cost more to buy in 1950 than today.

There is no doubt, however, that the industry as a whole is feeling pain. At its heyday in 1981, more than \$6 million in raw furs were taken in Alaska; that figure is likely to be less than \$2 million this year, according to figures compiled by the Department of Fish and Game.

No one knows for sure how plummeting fur prices has af-

fected rural Alaska, but Native leaders are worried it is eroding the subsistence way of life and driving young people into the cities to find jobs.

In Fort Yukon, which is still home base for 250 trappers in the Yukon Flats, the Council of Athabaskan Tribal Governments has attempted to stem the damage by forming a marketing cooperative to drive up prices and save trappers money by mailing furs in bulk to fur auctions.

"The trapping industry touched the lives of all the people. If people are not trapping, that is affecting their lives," said Patricia Stanley, manager of the Fort Yukon Fur Co-op. She is hoping to develop a network so that villages will sell furs to each other, like they did for centuries before telephone lines and fax machines connected them to Western markets.

"If we can buy from one another, it means we can circulate our dollars here," she said. So far, the cooperative seems

to have had some success. Cooperative officials say local fur buyers have raised their prices because of the added competition. The co-op has set up operations in 10 villages.

One of the villages is Nikolai, which sits on the wooded banks of the Kuskokwim River, 50 miles upstream from McGrath.

It has been a bad winter in Nikolai. Temperatures have been high, melting the ice and forcing trappers to not venture out of town on their snow machines.

Ignati Petruska, a mechanic and beaver trapper and fur buyer for the Fort Yukon Fur Co-op, said he expects to make less than \$1,000 this year.

Yet the disastrous winter may not hurt Nikolai's economy as much as one would expect. "Nobody traps full time anymore," Petruska said. "Quite a few trappers, almost everybody, traps part time. It's not like the old days."

Draft

Besides being encumbersome for an American trapper to need a variety of different trap types for different animals, this requirement ignores the fact that trappers often make a single trap set for a variety of species. The attempt is to try to catch a red fox, gray fox, raccoon, opossum, badger, coyote, bobcat, mink, skunk, weasel, badger, or other furbearer with a single trap set.

Even if the attempt were made to single out only one target species, the animals simply will not cooperate and all will be vulnerable to the baits and lures used at the trap set.

America is blessed with an abundance and variety of wild furbearers and predators which share the same habitats and are in need of population controls.

Leghold traps are important in the American trapping experience because they are effective on a wide variety of species and ensure balanced harvests of both profitable and unprofitable species in need of controls.

Legislation Unenforceable

Proposed legislation in the EC to disallow trade in pelts from countries which have not banned leghold traps would lead to mischief, discrimination, unfair restrictions, illegal trade and black markets.

Proposed restriction is unenforceable because many wild furs are produced in many nations, and look alike. Raw furs are commonly mixed during dressing processing, and a finished garment may have pelts from several different nations included.

Because fur markets are world-wide, document forgeries or other mischief is sure to occur to advantage sales.

Artificial markets will create artificial values, and that will encourage excessive values, black markets, and increased pressures on wild resources.

NTA
BOX 3667
BLOOMINGTON, IL 61702

(NAT'L TRAPPERS
ASSOC.)

BANNING WILD FURS

FROM COUNTRIES NEEDING AND USING LEGHOLD TRAPS IS...

- A TRADE ISSUE
- DESTRUCTIVE
- HARMFUL
- UNFAIR
- UNREASONABLE
- UNENFORCEABLE

AND WOULD GREATLY INCREASE
SUFFERING AND DISEASE IN
WILDLIFE, LIVESTOCK, AND PETS.

“Presented as a moral issue, the proposal to ban fur imports into EC nations would have a significant and negative impact upon wildlife conservation. More than 12 billion dollars have been invested in wildlife management in the United States alone since 1937, and that huge ongoing investment continually underscores the needs of wildlife to be controlled.

“Methods used to control wildlife should not be an international political issue. Each nation has its own uniqueness, needs, species, and responsibilities to wildlife. Each nation also has a political process to monitor scientific development, and effect changes for betterment. Within the United States, each state has the authority and responsibility to manage resident wildlife species in harmony with man.

“It is unfortunate leghold traps have been made a political issue by some who believe animals are equal or superior to mankind. Leghold traps still offer the most research and development potentials, and it is a fact some models consistently take some species without any identifiable or serious physical injury.

“An injustice is done when some nations enforce their views on other nations. That is particularly true of EC nations voting to ban fur imports when those same nations either have no need for leghold traps or in fact still use the devices to control animals.

“A market for better products has always existed and will always exist for trapping devices. Further development should be orderly, and driven by a methodical, analytical, scientific process free from encumbrances of political persuasion, bias and prejudice. Political solutions to scientific questions are improper and unwise.

“Attempts to punish nations who need and use leghold traps to manage wildlife populations is negative, counter-productive, unreasonable, unfair, silly and harmful to highly successful wildlife management programs. Leghold traps are needed, and suitable replacements simply do not exist.”

Statement by Tom Krause
Advisor, American National Standards Institute
Member, Technical Committee 191, International Standards Organization

THE FACTS:

Trap Standards Will Include Leghold Traps

Proposed legislation in the EEC to “exempt” countries who have adopted ISO “trap standards” assumes that trap standards will exist.

Since the International Standards Organization has recognized that standards may be appropriate for both “killing” traps and “restraining” mammal traps, it is important to recognize that “restraining” or “live-holding” traps are recognized as necessary to meet international furbearer, predator, and wildlife management programs.

Since ISO Technical Committee 191 has established a Working Group of experts to investigate scientific data related to restraining traps, that group has prioritized its research efforts as follows:

- 1) red fox and other canids - foothold (leghold) traps
- 2) raccoon - foothold traps
- 3) mink/fisher - foothold traps
- 4) bobcat/lynx - foothold traps
- 5) muskrat/nutria - foothold traps
- 6) beaver/otter - foothold traps
- 7) red fox and other canids - holding snares
- 8) raccoon - holding snares
- 9) beaver/otter - holding snares
- 10) bobcat/lynx - holding snares

These determinations were based in part upon needs, and information that is already available for interpretive research.

Because the highest research priorities (1-6) concern leghold traps, it is reasonable to expect recommendations to identify certain types of leghold traps as a “trap standard” for those species first.

Limited research on several important furbearing species coupled with bias against certain types of effective traps ensures a difficult and lengthy process to secure world acceptance of trap devices.

In fact, unfounded bias and political pressures may deny acceptance of the best trap types as measured by scientific processes.

Significant Negative Impact Upon Conservation

Proposed legislation to disallow trade in fur pelts from countries which have not banned leghold traps would have a serious and negative impact upon wildlife management within the United States and other countries.

Virtually all American states require harvest of prolific furbearing and predatory species to control wildlife populations within the supportive level of the habitat. These actions are called for and have been financed with over 12 billion dollars of research/management funds spent since 1937 in the U.S.

Creating market havoc and reducing marketing activities will have a negative impact on furbearers, predators, other wildlife species and man. Agriculture will suffer, and wildlife and human health risks will increase with furbearer and predator populations out-of-control without proper economic incentives for wise harvests.

If markets are allowed to be destroyed, animal welfare concerns will dictate the needs for governmental agencies to spend hundreds of millions annually to replace the wildlife population controls that were traditionally done without costs by trappers and other sportsmen.

Species Targeted For Trade Benefits

Proposed legislation in the EEC to restrict trade in furs from countries which have not outlawed use of leghold traps is a trade issue, and not an "animal welfare" issue.

This is evidenced by the fact that seven of the twelve EC nations still allow use of leghold traps, and it is

further underscored by a listing of species that are produced only in other nations.

European countries produce millions of mink and fox pelts annually, and these very significant species are "missing" from the legislative species listings.

Legislation Would Multiply Animal Suffering

Proposed legislation in the EEC to disallow trade in fur pelts from countries which have not banned leghold traps will drastically increase animal suffering.

As a higher being, man assumes a stewardship role in the management of wild species. It is well-documented that wild furbearers and predators are prolific, and potential exists annually for out-of-balance populations which culminate in excessive suffering as the overpopulated species compete with others of its own kind for space, food, mates, and denning sites. Excessive populations of most species also cause negative impacts and additional suffering to other competitive species, prey species, and man.

Over-populations of furbearers and predators cause a variety of stresses which weaken animals and increase their vulnerability to diseases. As a result, many animal diseases drastically increase and spread rapidly when there are excessive animals for the habitat to support. Frequently these diseases take months to kill the weakened animals, and many of these diseases are also transmitted to livestock and man.

Without practical alternatives to leghold trap use, animal suffering increases significantly in numbers of effected animals, cumulative suffering times, and increased stress and pain.

Majority of Countries Not Impacted

Proposed legislation in the EEC to disallow trade in fur pelts from countries which have not banned leghold traps ignores the fact that a great many countries, in addition to the large wild fur producing countries of Russia, Canada, and the U.S.A., also

need and use leghold traps to control animal populations.

Many animals without fur value, such as dingos, hyenas, and others, are controlled by land and game managers with the advantage of efficient and practical leghold traps.

Science has yet to discover alternative restraining traps that are as cost-effective, practical, or as efficient as leghold traps. Many of the shy wild species simply cannot be taken with regularity in other existing types of restraining traps.

Legislation Impossible Under U.S.A. Law

Proposed legislation in the EEC to disallow trade in fur pelts from countries which have not banned leghold traps is a significant trade issue camouflaged as an animal welfare issue.

Evidence of this is the fact that the United States has no jurisdiction over the wildlife management programs in the states. The U.S. federal government is only empowered to act on behalf of migratory wildlife and endangered species.

All American states have jurisdiction and responsibility to manage resident wildlife species. All states recognize and regulate trapping as a necessary and beneficial management tool.

Even if several states would bow to EC directives on trapping tools, their fur productions would still be denied trade status within EC member countries because the U.S.A. will not (cannot) "ban" leghold traps.

All American states have methods to determine and regulate trapping tools according to the needs of wildlife and people. Leghold traps are widely used to control excessive wildlife populations and damage to crops, lands and livestock.

Research Funding Lacking

The proposal to "exempt" countries who have adopted ISO trap standards by 1996 (or other date) is redundant because it reflects a political solution to scientific questions.

The pursuit of science requires methodical developments that require appropriate data. Setting arbitrary dates to complete a scientific objective ensures inadequate research, especially when funds to finance the scientific objectives are not allocated with the political directives.

A political solution to a scientific question is not appropriate.

If a true desire to speed trap research is fact, then it should be recognized that progress is dependent upon available information. Since available information is inadequate to recommend trap standards at this time, progress can best be speeded with funding needed for additional research.

Harmful to European Craftsmen, Business

Proposed legislation in the EC to disallow trade in fur pelts from countries which have not banned leghold traps will have a long-range and negative impact upon thousands of skilled European craftsmen who have led the world in quality fur garment productions.

Since luxurious wild furs such as sable, lynx, lynx-cat, and others would be prevented trade status in EC countries, the manufacturing of garments from these high quality furs will likely be taken over entirely by Japan, Korea, and other far-eastern countries.

Current EC legislation will deny trade status to pelts of numerous species. In turn, these pelts will simply be processed and manufactured elsewhere and Europe will no longer enjoy this favorable balance of trade opportunity.

Species Selective Traps Do Not Exist

In the event world standards are developed for restraining devices, those standards would have only a limited practical value in the United States due to its abundance of wild species.

SCOMM

84:4

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 2/5/92

FURTHER:

Date of 5-Day Notice: 3-5-92
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: 3-12-92

Senate Special Committee on
Internat'l Trade and Tourism

considered SJR 44

Supporting increased access near Mt. McKinley through establishment of a visitor activity area at Kantishna.

and recommends:

☒ replace with _____ CS SJR 44 (ITT)

☐ attaches amendment(s)

☐ adopts _____ Letter of Intent

☐ further referral to the _____

☐ do pass

☐ do not pass

☐ no recommendation

☐ individual recommendations

☒ same title
☐ new title
☐ technical
title change
(HB only)

NEW FISCAL NOTES: Dept/Date

☒ zero fiscal notes DNR / 3-9-92
Office of Governor / 2/28/92

☐ fiscal notes _____

☐ appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

☐ Governor's bill with fiscal notes:
zero fiscal notes _____

fiscal notes _____

DO PASS:

Ad Adams

OTHER RECOMMENDATIONS:

Pat Healy (No Rec)
Julian Stangorshi (No Rec)

Paul Frank Do Pass
Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSIONBILL NO. SJR 44

Revision Date: _____

Title: "Supporting increased access...area at Kantishna"Sponsor: Senators Craft, Shultz, Halford, etc.

Requestor: _____

Department Affected: Office of the GovernorBRU: Executive OperationsComponent: Executive Office

COMPONENT SERIAL NO.

0	0	0	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	n/a	n/a	n/a	n/a	n/a	n/a
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: noneANALYSIS: (Attach a separate page if necessary.)
No fiscal impactPrepared by: Michael A. Nizich, Director
Division: Division of Administrative ServicesPhone: 465-3616Date: 2/28/92Approved by Commissioner: D. Max Hodel, Chief of Staff
Agency: Office of the GovernorDate: 2/28/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DDR, Gov. Legis. Ofc., & Impacted Agency(ies).

Page 1 of 1

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSIONBILL NO. SJR 44Revision Date: 9-Mar-92Department Affected: Natural ResourcesTitle: Support Kantishna AreaBRU: Land ManagementTourism DevelopmentComponents: Land ManagementSponsor: Senator CraftRequestor: Senate International Trade & Tourism

COMPONENT SERIAL NO.

431

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	**	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
Funding Source:	N/A					

FUNDING: (Thousands of Dollars)

GENERAL FUND	**					
FEDERAL FUNDS						
OTHER						
Funding Source:						
TOTAL	**	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0					
PART-TIME	0.0					
TEMPORARY	0.0					

Estimate of Current year impact:

ANALYSIS: (Attach a separate page if necessary)

** The costs for DNR associated with developing new access to Kantishna depend on the methods used to obtain access routes. Possibilities include an RS 2477 assertion; a right-of-way under Title 11 of ANILCA; land trades or purchases; some combination of methods.

Prepared by: Ron SwansonPhone: 762-2692Division: Land ManagementDate: 9-Mar-92Approved by Commissioner: Harold C. HeinzDate: 9-Mar-92Agency: Department of Natural ResourcesDistribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, OMB,
& Impacted Agency(ies).

REV 10/91

FISCAL NOTE

DNR

Alaska State Legislature

Senator Paul Fischer, Chairman
Senator Al Adams, Vice-Chair
Senator Rick Uehling
Senator Arliss Sturgulewski
Senator Fred Zharoff



Post Office Box V
Juneau, Alaska 99811
(907) 465-3791
(907) 465-3883 FAX

Senate Special Committee on International Trade and Tourism

MEMORANDUM

TO: Senator Al Adams
Senator Fred Zharoff
Senator Arliss Sturgulewski
Senator Rick Uehling

FR: Senator Paul Fischer, Chairman *PF*
Senate Special Committee on International Trade & Tourism

DATE: March 5, 1992

RE: Committee Schedule for the Week of March 9, 1992

Wednesday, March 11, 1992 2:30 pm Fahrenkamp Room

- SJR 44 - Supporting increased access near Mt. McKinley through establishment of a visitor activity area at Kantishna.
- HJR 60 - Relating to the expansion of the National Air and Space Museum.
- HJR 48 - Relating to a Pan-American energy alliance.

ALASKA STATE LEGISLATURE

119 North Cushman, #201
Fairbanks, Alaska 99701
(907) 452-4882
Fax: 452-3254



Room 125, State Capitol
Juneau, Alaska 99801-1182
(907) 465-3834
Fax: 586-6246

Shirley Craft
Alaska State Senator

To: Senator Paul Fischer, Chair
International Trade & Tourism Committee

From: Senator Shirley Craft *SC*

Date: February 10, 1992

Re: Senate Joint Resolution 44; Supporting increased access
near Mt. McKinley through establishment of a visitor
activity area at Kantishna.

I would appreciate your prompt scheduling of SJR 44 by the Senate Special Committee on International Trade and Tourism.

There has been continued debate in the legislature over access into the Kantishna area for years. These discussions have continuously revolved around the use of state funds to build a road into the area. Unfortunately, in these days of declining revenues, the state is caught in a "Catch 22" situation. On the one hand, the public sector can no longer afford the costs associated with the construction and maintenance of access into Kantishna. On the other hand, with the state's growing reliance on the tourism industry, I pose the question: can we afford not to provide access. The solution to these questions, as I see it, comes from the state. Not in the building of structures, but in facilitating efforts by the private sector in attaining the necessary right of way lands from the federal government. Inherent in this action is that the state, with its' own plans, do not preclude any transportation systems that might be preferable to the private sector.

The resolution, SJR 44, before the International Trade and Tourism Committee would ask that the Governor to use the resources he has at his disposal to address two questions:

- 1) That the administration aggressively pursue development of access into Kantishna and a Kantishna Historical Visitor Activity Area;
- 2) That the appropriate state agencies work with the private sector in investigating the construction and operation of a transportation system into Kantishna.

The resolution also asks the Governor, as well as members of the Congressional Delegation and the President, to take the necessary actions in resolving any questions regarding permits and land acquisition.

The prompt consideration by your committee on this bill would be greatly appreciated.



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: SJR 44

APPROVED:

Sherry Simon for FT

TITLE: Visitor Area at Kantishna

DATE: February 20, 1992

The department supports this resolution. System enhancement focused on economic development is one of three major initiatives in the department's new State Transportation Plan. The department has proposed seven projects for activity within the next six years of the federal highways act, and a surface transportation route from the Parks Highway to Kantishna is one of these projects. Accordingly, the proposed visitor activity area at Kantishna is consistent with the direction the department is taking in this area.

E. G. PLASCENCIA & J. N. FIELDS
ALASKA INTERNATIONAL DEVELOPMENT CORP.

P. O. BOX 2419 FAIRBANKS, ALASKA 99707 U.S.A.
TEL: 907-451-7906- FAX: 907-451-6494

February 24, 1992

Senator Paul Fisher, Chairman,
Senate Committee on
International Trade & Tourism
Capitol Building, Juneau, Alaska

Dear Senator Fisher:

I am writing to you and the other members of the Senate International Trade & Tourism Committee to urge your support for and to ask you to refer SJR No. 44 supporting increased Northern access to Mt. McKinley through the establishment of a Visitor Activity Zone at Kantishna to the full Senate for passage.

As you are aware, Mt. McKinley is the main tourist attraction in the State of Alaska. Likewise, the State Division of Tourism projects over 900,000 visitors to the state this year, the demand for access to the Denali National Park is greater than ever.

Our corporation is involved in the development of a private transportation concept across the Northern access to Kantishna. We support the development of a Tourism Activity Zone in the Kantishna area as a means to tie tourism activities within the state to the revenue of the state. The organization of the Tourism Activity Zone can be similar to a Port Authority or Airport Authority. The revenue tie between tourism in the "Zone" and the State can be by lease fees paid to the State for land use within the "Zone". Under this concept, the State would also design the circumstances under which "Zone" could be developed. The development would be undertaken by the private sector. This "Planned Unit Development" concept can serve State in-holdings elsewhere i.e., Wrangell/ St. Elias Park or in the Prince Williams Sound area.

The proposed "zone" will not detract from other proposals such as the State Park facilities under consideration South of the Park. While they are proposed to be built from public funds, the activities within the "zone" and the transportation corridor to it, will be built primarily with private funds. Likewise, the traffic generated by the "Zone" will draw additional people from within Alaska past the new park by both road and rail.

There is a great need for industrial diversification in our state. While tourism is not a traditional "industry", it represents a large portion of service sector jobs in Alaska. With a decline in government sponsored capital works projects due to a lack of capital funds, your support for this private sector initiative which will utilize private sector funds is important.

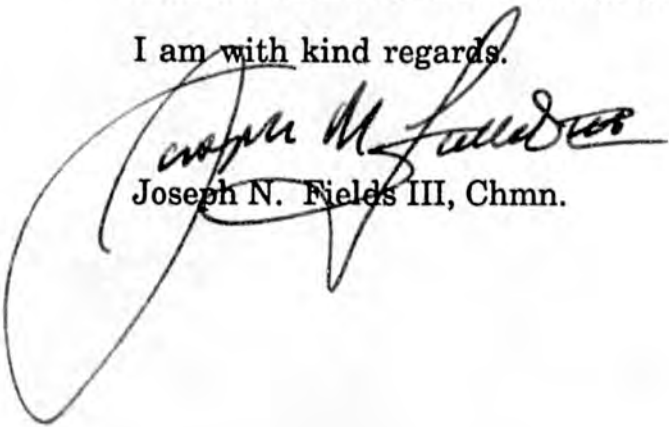
In effect the state retains the controls necessary to the proper development of its tourism resources, while the private sector utilizes the existing and future tourist market to amortize its investments. The private sector will also realize a benefit from the stability of long term leases and a reasonably steady market. International Tourism Conventions held recently suggest strong, steady growth in tourism over the next twenty years. The Electric Railroad we propose to build will service the "Zone" and is a permanent development with a minimum life of fifty years or more.

This development brings additional, not conflicting, attractions to the market. All of the existing tourism infrastructure of the state will benefit from the expansion of facilities in this area. Getting the Tourist to the State and providing good service while delivering the product advertised to the Tourist is essential. The existing facilities servicing the Park will have additional bookings for the shoulder season, Cruise Ship, Coach and Airline Operators have an additional attraction to sell.

Access to Mt. Mckinley has been a major concern of the State of Alaska, The National Park Service, Tour Packagers and Service Elements. As stated we are involved in a proposal to build an Electric Railroad from Healy to Kantishna. Senate Joint Resolution if passed will give the State Administration and the National Delegation the clear support they need for this concept to make an effective proposal to Federal Agencies which now control access to and development of Alaska's tourism economy. A Right of Way across the Park must be acquired by the state for the project to go forward. Recently, even the Alaska Regional Director of the National Park Service said (in published comments), referring to alternative transportation modes over the construction of new roads, "I think the alternative transportation systems would be very effective" ., "It would protect wildlife viewing and still allow people to visit the Park".

Senator Fisher, I urge your strong and immediate support of this very important resolution. An undertaking such as ours needs the full support of the State and so do the people of Alaska who will find work in tourism and related activities that derive from this kind of project. If I can be of any assistance or provide you with any additional information, please contact me immediately. I thank you for your consideration of this Resolution and,

I am with kind regards.



Joseph N. Fields III, Chmn.

USIBELLI COAL MINE, INC.

MARKETING
122 First Avenue
Suite 302
Fairbanks, Alaska 99701
(907) 452-2625
FAX 451-6543

March 6, 1992

Senator Shirley Craft
Senate
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Craft:

Usibelli Coal Mine, Inc. urges the Senate to adopt Senate Joint Resolution No. 44 which supports increased access near Mt. McKinley through establishment of a visitor activity area at Kantishna.

Improved and alternate access into Kantishna is greatly needed and especially to provide for high quality experiences on the part of tourists who flock to Alaska's prime visitor attraction.

Sincerely,



John Sims

Vice President Marketing

JS/me

B

METRO

The Anchorage Times

THURSDAY
February 20, 1992

Panel recommends improving Denali road

By DANIEL R. SADDLER
TIMES WRITER

The 90-mile gravel highway through Denali National Park and Preserve should be improved to handle more visitors and protect wildlife at Alaska's biggest tourist destination, a high-level task force reported Wednesday.

The six National Park Service officials also considered, but rejected, a proposal

to build a second road along a historic mining trail. The second road was one of the main options considered by the panel, organized a year ago to consider ways to balance visitor pressure with park protection.

While the report to Park Service Director James Ridenour recommends modifying the park's transportation system to allow a few thousand more visi-

tors, a task force member said the best way to relieve overcrowding on the road could be a railroad or monorail system.

"I think the alternative transportation systems would be very effective," said Jack M. Morehead, Alaska regional director for the Park Service and a task force member. "It would protect wildlife viewing and still allow people to visit the park."

Congress already has appropriated \$300,000 to study the possible use of such systems at Denali, Yellowstone, and Yosemite national parks, said Park Service spokesman John Quinley. Results from the study are not expected for a year.

The task force also recommended the National Park Service consider:

- Widening and improving sections of

the road to improve safety. Quinley said the service will this summer estimate the cost of widening the road, which at some high mountain passes is cut into sheer rock.

• Enacting federal regulations to establish a clear legal basis for the permit system now used to allow entrance to visitors and those owning land inside the park. See Road, back page

Road

Continued from page B1

park.

- Buying or leasing a fleet of bigger, plusher buses than the school buses the Park Service now uses to offer free wildlife tours to about 100,000 visitors a year. A private concessionaire, ARA Outdoor World Ltd., charges about \$50 for a tour on more comfortable buses.

- Linking the park with a nationwide reservation system so that out-of-state visitors could be assured of a camping space. Some spaces would also be set aside for Alaskans, Quinley said.

"These were recommendations of the task force to the director," Morehead said. "What he decides or the secretary of the interior decides is completely out of our control."

Morehead said the task force gave equal consideration to those who supported a second road, such as the Hickei administration and the Fairbanks Chamber of Commerce, and to the environmentalists who opposed it, such as the Sierra Club.

The recommendations do not mean the end of the idea for a second road to Kantishna, Morehead said. The state is still pursuing plans to employ a 126-year old federal law that could win it a right-of-way to other trails into Kantishna.

"They still have that avenue to pursue, but I'd say as far as seeking federal funding for a second road, this is certainly a deterrent," Morehead said.

The park receives nearly 600,000 visitors a year, many of whom take the bus tours along the road. But the increase in visitors has raised concerns the visitors may harass or drive away the wildlife the visitors pay to see and that increased vehicle traffic could pose a safety hazard to humans.

Morehead said the task force recommendations could provide some improvement, but he said they would not solve all problems.

"There'll be a lot more visitors that want to visit, but can't," Morehead said. "The real hope is to look forward to the future for alternative transportation technologies."



BILL ROTH / Daily News file photo

One road is enough, says a panel of state and national officials who spent two years studying ways to alleviate the visitor crunch at Denali National Park and Preserve. In the fall, permits allow private vehicles into the park. These people are watching a grizzly.

Denali drive

Park Service planners advise against another road in park

By DAVID HULEN
Daily News reporter

Planners studying the future of Denali National Park and Preserve have concluded that building a second road to the Wonder Lake-Kantishna area in the heart of the park makes no sense. They are suggesting instead that the existing 90-mile road be upgraded.

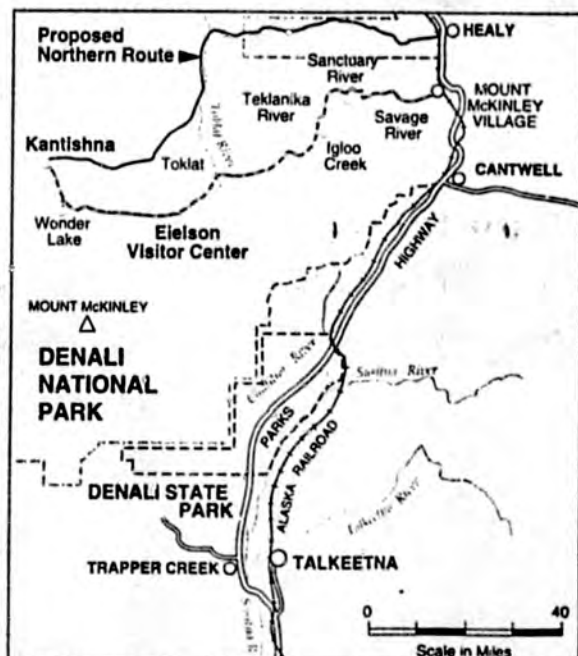
The report, by a team from the National Park Service, also suggests further study of a passenger railroad or even a monorail system to ease congestion inside the 6 million-acre park, which has long been Alaska's most visited. And it suggests other ways to ease congestion and make it easier, and more comfortable, for tourists to enter the park.

The Denali access study was

launched two years ago to help the Park Service come to grips with perhaps its most pressing dilemma in Alaska — how to handle an increasing number of Denali visitors, and growing pressure to develop new facilities to serve them, without threatening the wildlife and wilderness that attract people in the first place.

As many as 185,000 people are shuttled in buses along the dusty, lane-and-a-half road each summer. Hotels and other tourist facilities outside the park's entrance continue to expand. To keep the park and its wildlife from being overrun, the Park Service has limited the number of visitors, sometimes creating long waits for bus seats

Please see Page B-2, DENALI



RON ENGSTROM / Anchorage Daily News

DENALI: Panel advises against second road

Continued from Page B-1

and camping permits. And to ease the pressure, the agency also is pressing ahead with development of new tourist facilities on the south side of the Alaska Range.

But others, including private developers, Gov. Wally Hickel and U.S. Sen. Frank Murkowski, have long advocated building a second highway into the park from the north, starting around Healy and ending in the Kantishna Hills northwest of Mount McKinley, where some 6,000 acres are in private hands. They envision one or more large-scale hotels in the area, which they argue could remain open year-round given proper access.

State studies have estimated the new road would cost between \$85 million and \$125 million.

The new 37-page study, however, is skeptical of the idea. It says a new road would slice across wilderness set aside for wildlife, including bears, moose, caribou, sheep, wolves and swans. It questions whether business prospects in the Kantishna area justify a highway's expense or would add much to visitors' Denali experience.

"A second road would dramatically change the character of the park," the

report says. A north road "puts at risk the up-close viewing of animals that draw people to Denali. It adds nothing to a visitor's ability to see the mountain. And it changes the visitor's perception that he is riding to a special place, a place set apart from the urban world of pavement and high-speed transportation."

The study was prepared by a team that included Park Service Alaska Regional Director John Morehead, Denali Superintendent Russ Berry, the superintendent of Yellowstone National Park and other Park Service officials from Alaska and Outside.

The report was forwarded to Park Service Director James Ridenour, and hasn't been endorsed by him or Interior Secretary Manuel Lujan Jr., who oversees the Park Service.

While downplaying the notion of a second road, the report plays up the notion of a rail or even monorail system. While more expensive to build than a road — possibly too expensive to even seriously consider — they could help deliver more visitors with less impact, the report says.

"They produce little or no dust, may be quieter and might carry more passengers in greater comfort." A monorail, moving above the

ground, would allow wildlife to roam beneath without the danger of collisions with rail cars.

A \$300,000 federal study, to begin later this year, will study monorail systems in Denali, Yellowstone and Yosemite national parks, the report notes. The measure was placed in the federal budget by U.S. Sen. Malcolm Wallop, R-Wyoming.

The cost of urban monorail systems has ranged from \$10 million to \$40 million a mile, the report says. A Fairbanks engineering firm has estimated that a 90-mile light-rail line from near Healy to Kantishna would cost \$189 million, not including rail cars. In general, the state Department of Transportation estimates that it costs about \$2 million a mile to lay new track in Alaska.

Among the new report's other suggestions:

- Upgrading the existing road to improve safety and wildlife viewing, including adding guard rails, widening the road and improving the roadbed. Ways need to be found to make the road less dusty, the report says.

- The Park Service should consider dropping the fleet of privately operated school buses that now shuttle most visitors for free through the park. Instead, the service should consider buying or

leasing a fleet of larger, nicer buses, possibly similar to those run by the private tour company for deluxe Denali tours. The buses would remain free, but would allow more people to ride through the park.

- Consider setting up a national reservation system, so visitors from Outside could reserve campground and shuttle-bus seats before coming to Alaska.

Lt. Gov. Jack Coghill, a longtime proponent of a second road to Kantishna, said Monday he really likes the idea of a railroad or monorail. But he still thinks a new road makes sense, too, and noted that the secretary of interior could overrule the Park Service planners.

On the other hand, Jack Hession, Anchorage-based representative of the Sierra Club, which has been leery of additional development inside the park, was generally happy with the report.

"You reach a point, the more vehicles you let in, you're not going to see much wildlife. At some point, the Park Service is going to have to say: You can build all the hotels you want, but we can only accommodate so many visitors."

The Park Service, meanwhile, has launched a separate biological review of the effect of vehicle traffic on Denali wildlife.

SCOMM

84:5

DATE: 3/8/91

FURTHER: L&C

Date of 5-Day Notice: 3/14/91
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: 3/21/91

Senate Special Committee on
International Trade & Tourism considered HCR 9

Supporting a bid by the World Trade Center Alaska/Anchorage to host the
1994 World Trade Centers Association General Assembly and international
trade show.

and recommended:

☐ replace with _____ CS _____
☐ or adopt _____ CS _____
☐ attached amendment(s)
☐ _____ letter of intent adopted

☐ same title
☐ new title
☐ technical
title change
(HB only)

- ☐ do pass
☐ do not pass
☐ no recommendation
☐ individual recommendations
☐ further referral to _____

ATTACHES NEW FISCAL NOTE(S):
Dept/Date:

☐ fiscal note(s) _____

☐ zero fiscal note(s) _____

☐ appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:

☐ fiscal note(s) _____

☒ zero fiscal note(s)
Dept of Commerce + Econ Dev't 3/25/91

☐ Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signatures]

Paul Frick (Do Pass)
Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSIONNo. 1Bill Version: HCR 9(H) Publish Date: 2/27/91Revision Date: _____
Title: Supporting a bid by the World
Trade CenterDepartment Affected: Commerce & Economic Dev
BRU: International Trade

Component: _____

Sponsor: House Spec. Comm. on Trade & TourismRequestor: House Spec. Comm. onCOMPONENT SERIAL NO.

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Trade & Tourism

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Ginna Brelsford, Trade SpecialistPhone: 561-2060Division: International TradeDate: 2/25/91Approved by Commissioner: Glenn A. OldsAgency: Department of Commerce & Economic DevelopmentDate: 2/25/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Alaska State Legislature

Senator Paul Fischer, Chairman
Senator Al Adams, Vice-Chair
Senator Rick Uehling
Senator Arliss Sturgulewski
Senator Fred Zharoff



Post Office Box V
Juneau, Alaska 99811
(907) 465-3791
(907) 465-3883 FAX

Senate Special Committee on International Trade and Tourism

MEMORANDUM

TO: Senator Al Adams
Senator Fred Zharoff
Senator Arliss Sturgulewski
Senator Rick Uehling

FR: Senator Paul Fischer, Chairman *PF*
Senate Special Committee on International Trade & Tourism

DATE: March 14, 1991

RE: Committee Schedule for the Week of March 18, 1991

Beltz

Thursday, March 21, 1991, 8:30 am in the ~~Butrovich~~ Room.

HCR 9 Supporting a bid by the World Trade Center Alaska/Anchorage to host the 1994 World Trade Centers Association General Assembly and international trade show.

HOUSE SPECIAL COMMITTEE ON INTERNATIONAL TRADE AND TOURISM

ALASKA STATE LEGISLATURE

P.O. BOX V, JUNEAU 99811
(907) 465-2973



MEMORANDUM

To: Senator Paul Fischer
Chairman, Senate Special Committee on
International Trade and Tourism

March 11, 1991

From: Representative Tom Moyer *TGM*
Chairman, House Special Committee on
International Trade and Tourism

Re: HCR9, World Trade Center Alaska General Assembly bid

With this memo, I would like to request the Senate Special Committee on International Trade and Tourism consider this resolution at your earliest convenience. The resolution is needed as soon as possible by the World Trade Center Alaska for its bid to host an international conference in Anchorage in 1994. A delegation from the Center will be traveling to Hong Kong in April to formally present its bid and would like final copies of the resolution to include in the bid packets.

The resolution was favorably considered by the full House on March 8. Please contact me if I can answer questions or supply additional information.

Executive Summary

University of Alaska Anchorage World Trade Center Alaska 1994 World Trade Centers Association General Assembly

World Trade Center Alaska is requesting the opportunity to host a World Trade Centers Association (WTCA) General Assembly and an international trade show in 1994. A successful bid would see Anchorage as the host city to approximately 1000 delegates, with benefits spreading far within the state. The event would place Alaska permanently on the map of world trade.

The Center began its lobbying efforts over a year ago and successfully hosted a "Taste Alaska!" reception at last year's General Assembly in St. Paul, Minnesota. The reception was a smash and people were talking about Alaska throughout the rest of the conference.

The response to Alaska's lobbying efforts have been excellent, and an active bid committee has been at work coordinating the effort. This Bid Committee has been working to develop a winning written proposal and video, lobby support within the state, form the delegation to travel to Hong Kong for the WTCA Spring Meeting in April to formally present the bid. We have made every attempt to learn from past hosts, to review successful bids, and to develop grassroots support. In April, Alaska will send a delegation to Hong Kong 20 - 30 strong, representing business, government and education throughout the state.

We are working closely with the Anchorage Convention & Visitors Bureau to coordinate the bid effort, and have received their wholehearted endorsement. The Anchorage Chamber of Commerce, the Mayor's Office, the Municipality of Anchorage, the Department of Trade & Economic Development (formerly Commerce) and the Governor's Office are all behind our efforts. Representatives from Juneau, Fairbanks, Mat-Su, and Valdez have all contributed their support in the bid process. The World Trade Center Alaska is confident it will meet with success in Hong Kong.

Contact:

World Trade Center Alaska / Anchorage
World Trade Center Building
4201 Tudor Centre Drive, Suite 320
Anchorage, AK 99508
Tel: (907) 561-1615
Fax: (907) 561-1541

John Choon Kim, Executive Director
Carolyn J. DePalatis, Manager

2

WHAT BENEFITS WILL YOU RECEIVE?

- **TRADE LEADS:** Worldwide trade leads on WTCA's NETWORK system. Communicate electronically to follow up from home or office.
- **BUSINESS ASSISTANCE:** Fax, telex, clerical, translation, trade development assistance and executive suite rental.
- **TRADE-RELATED PROGRAMS:** "How to" seminars, country programs, speakers series, and special events.
- **TRADE NEWSLETTERS:** Newsletters on current trade opportunities and developments.
- **RECIPROCAL SERVICES...WORLD-WIDE!** Educational programs, hotel discounts, trade shows, trade assistance, etc. at other World Trade Centers. Includes office space and support staff at other Centers when traveling - like having an office away from home without costly overhead.

The International Trade Program of the Anchorage School District, located in the World Trade Center Building, offers senior high school students a unique opportunity to learn languages, culture and business skills for operating in the international environment.



Locating potential partners and communicating with them electronically over NETWORK, members can expand their business contacts and profits.



3

HOW CAN NETWORK CUT YOUR COMMUNICATIONS COSTS?

NETWORK costs for electronic messages are only a fraction of telephone, fax or telex charges. Electronic conferencing (E-Mail) costs \$1.50 for a 1000-character message anywhere in the world! A one-screen advertisement of 800 characters costs only \$40 for two-weeks of continuous worldwide display.

In addition, listings get picked up by subscribing journals such as *Nikkan Kogyo* (Japan), *Les Echos* (France), *Daily Trade News* (Korea), and *The Journal of Commerce* (U.S.). This bonus gives an ad a potential readership of over four million - a cost to you of only \$0.000009 per reader!

4

WHAT ARE SOME SUCCESSES?

- A World Trade Center Alaska member pursued a NETWORK ad calling for a joint-venture to develop alternative energy sources in Canada and made an agreement to supply specialized equipment netting \$12 million over three years.
- An Alaskan member needing a document translated into Indonesian was able to locate an efficient, high quality and low-cost service through linking up with the World Trade Center Jakarta.

ALASKA
WORLD TRADE CENTER



- An Alaskan member successfully used NETWORK to develop U.S. business computer and peripheral hardware contacts for export through a joint-venture arrangement to the Soviet Far East.

5

HOW CAN YOU BECOME A MEMBER?

Simply fill out and post the inquiry card. Memberships are on an annual basis, running one year from the application date. Rates are listed on the back side of the membership application. Exclusive Corporate Memberships are also available.

Inner Circle Corporations supportive of the World Trade Center's efforts include:

CSX • Yukon Pacific • Sea-Land
Hughes Thorsness Gantz Powell
& Brundin

Artist's version of the famed Northern Lights welcome the visitor in the lobby of the World Trade Center Building in Anchorage.



PLACE
STAMP
HERE

I'm interested in membership. Please contact me so that I can find out more!

☐ **Yes!**

I'm interested in assisting World Trade Center Alaska to expand its efforts. Please contact me.

☐ **Yes!**

Name/Title

Company

Street Address/P.O. Box

City/State/Zip

Telephone/Fax Number

World Trade Center Alaska
World Trade Center Building
4201 Tudor Centre Drive, Suite #320
Anchorage, Alaska 99508

World Trade Center Building
4201 Tudor Centre Drive, Suite 320
Anchorage, Alaska 99508 U.S.A.
Tel: (907) 561-1615 • Fax: (907) 561-1541
Telex: 981074 WTCA AHG UD • WTCAL

World Trade Center Alaska is part of the University of Alaska Anchorage, Alaska Center for International Business (ACIB).

University of Alaska Anchorage is an equal opportunity employer and does not discriminate based on sex, race, nationality, age, veteran or handicapped status.

6

WHO IS INVOLVED IN ALASKA'S CENTER?

World Trade Center Alaska operates in cooperation with the University of Alaska Anchorage, Alaska Center for International Business (ACIB). As the State's educational and research arm for international trade, the ACIB gives the World Trade Center Alaska an educational dimension to its business agenda. World Trade Center Alaska members can also gain access to ACIB's comprehensive trade database information.

Alaskan members range from single entrepreneurs to major corporations and organizations conducting business in everything from natural resources to handicrafts and clothing, electronics, joint ventures and tourism.

WORLD TRADE CENTER ALASKA ADVISORY BOARD

Charles F. Becker
District Director
U.S. Department of Commerce,
US&FCS, Int'l Trade Admin.

Beverly Boston, Ph.D.
Vice Chancellor
University of Alaska Anchorage

William Blochman, Ph.D.
Dean of School of Business
University of Alaska Anchorage

Ronald Boel
President
Security Pacific Bank of Alaska

Robert A. Brown, Chairman
Attorney
Boyer, Brown & Flandburg

Larry Dinwiddie
Assistant Port Director
Port of Anchorage

Patricia Heller
Special Assistant
U.S. Senator Murkowski's Office

E.H. Pete Nelson
Senior Land Representative
Texaco, Inc.

David Ochoa
Vice President, University Relations
Alaska Pacific University

Leslie B. Pace, Vice-Chairman
Delta Companies

Aan Parrish
Agent
UA Board of Regents

Robert Poe, Jr.
Director
Governor's Office of Int'l Trade

William J. Sheffield
Former Governor, State of Alaska

Donald F. Schrend, Ph.D.
Chancellor
University of Alaska Anchorage

John Choon Kim, Ph.D.
Executive Director
World Trade Center Alaska
Alaska Center for Int'l Business

Candice J. DePalatis
Manager
World Trade Center Alaska

WORLD TRADE CENTER ALASKA

Go Global!

Anchorage • Atlanta • Baltimore • Boston • Chicago • Dallas • Denver • Detroit • Frankfurt • Honolulu • Houston • Indianapolis • Jacksonville • Los Angeles • Miami • Minneapolis • New York • Philadelphia • Portland • San Francisco • Seattle • Singapore • Taipei • Tokyo • Vancouver • Washington, D.C. • Wichita • Winnipeg • Zurich



WHAT IS THE WORLD TRADE CENTER ALASKA?

You want to expand your business through international trade, but you don't know where to begin.

Begin and grow with the World Trade Center Alaska.

THE WORLD TRADE CENTER ALASKA acts as a central resource for information, contacts and programs to facilitate world trade. Through joining, a company becomes part of the premiere international organization that "makes business happen" for its members.

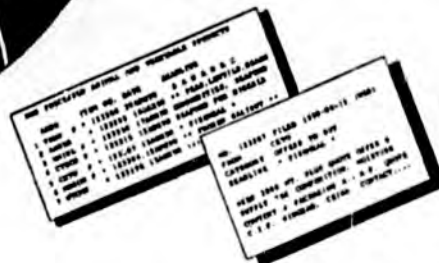
As a member of the World Trade Centers Association (WTCA) headquartered in New York, World Trade Center Alaska is part of an extensive worldwide network of over 200

affiliated international business organizations and World Trade Centers. Through cooperative relationships and support services, the World Trade Center Alaska taps resources of the world's major trading centers for reciprocal access to its members.

World Trade Centers are powerful international business development tools, centralizing trade activity and promotion of goods and services for the regions they serve. WTCA members can take advantage of:

- Trade/Investment Opportunities
- Valuable Information and Contacts
- Regional/Global Exposure
- Dynamic Educational Programs

All World Trade Centers Association members receive a membership card which entitles them to reciprocal privileges at affiliated World Trade Centers.



World Trade Center Alaska is connected with the World Trade Center Twin Tower Headquarters in New York and over 200 affiliated Centers globally.

The fishing industry in Alaska is among the many sectors that can take advantage of World Trade Center services.



SCOMM

84:6

SENATE COMMITTEE REPORT

DATE: 3/11/91

FURTHER: State Affairs

DATE TURNED INTO OFFICE: _____

Senate Special Comte on
International Trade & Tourism considered CSHJR 20 (ITT)

Encouraging the United States and Soviet national governments to establish
consulates in Alaska and the Soviet Far East.

and recommended:

☐ replace with _____ CS _____	☐ same title
☐ or adopt _____ CS _____	☐ new title
	☐ technical
☐ attached amendment(s)	title change
☐ _____ letter of intent adopted	(HB only)

☐ do pass

☐ do not pass

☐ no recommendation

☒ individual recommendations

☐ further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

☐ fiscal note(s) _____

☐ zero fiscal note(s) _____

☐ appropriation-no fiscal note

SIGNING DO PASS:

Al Adair
Carlisle Jung
Paul R. Hagg

APPROVES PREVIOUS:

Dept/Date:

☐ fiscal note(s) _____

☒ zero fiscal note(s) House
ITT Committee - 2/13/91

☐ Governor's bill w/fiscal note

OTHER RECOMMENDATIONS:

Paul Gruber (Po Pass)

 Chair: Signature and Recommendation

FISCAL NOTE

No. 1
 Bill Version: CSHJR 20(ITT)
 (H) Publish Date: 2/19/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Office of the Governor
 Title: Encouraging the US and Soviet Office of International Trade
national govts. to establish consuls Component: _____
 Sponsor: H. Intl. Trade and Tourism
 Requestor: Committee COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Resolution encourages Soviet and American national governments to establish new consulates in Alaska and the Soviet Far East. There is no fiscal impact to the state of Alaska.

Prepared By: David Ramseur Phone: 465-3940
 Division: Rep. Tom Moyer, Chairman Date: 2/13/91
 Approved by Commissioner: Tom Moyer
 Agency: H. Intl. Trade and Tourism Committee Date: 2/13/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

COMMITTEE COPY

Page ____ of ____

Alaska State Legislature

Senator Paul Fischer, Chairman
Senator Al Adams, Vice-Chair
Senator Rick Uehling
Senator Arliss Sturgulewski
Senator Fred Zharoff



Post Office Box V
Juneau, Alaska 99811
(907) 465-3791
(907) 465-3883 FAX

Senate Special Committee on International Trade and Tourism

MEMORANDUM

TO: Senator Al Adams
Senator Fred Zharoff
Senator Arliss Sturgulewski
Senator Rick Uehling

FR: Senator Paul Fischer, Chairman *P.F.*
Senate Special Committee on International Trade & Tourism

DATE: April 11, 1991

RE: Committee Schedule for Week of April 15, 1991

Wednesday, April 17, 1991 3:30 - 4:00 pm Butrovich Room

HJR 20 - Encouraging the United States and Soviet national governments to establish consulates in Alaska and the Soviet Far East.

HOUSE SPECIAL COMMITTEE ON INTERNATIONAL TRADE AND TOURISM

ALASKA STATE LEGISLATURE

P.O. BOX V, JUNEAU 99811
(907) 465-2973



MEMORANDUM

To: Senator Paul Fischer
Chairman, Senate Special Committee
on International Trade and Tourism

March 12, 1991

From: Representative Tom Moyer *TMM*
Chairman, House Special Committee
on International Trade and Tourism

Re: HJR20, Soviet and U.S. consulates

With this memo, I would like to respectfully request the Senate Special Committee on International Trade and Tourism to consider this resolution at your earliest convenience. The resolution encourages the U.S. and Soviet national governments to establish new consulate offices in Alaska and the Soviet Far East to help process the required approvals for business ventures, exchanges and travel between the two countries.

The resolution is timely because Alaska Airlines begins new regular service to the Soviet Far East in June and Aeroflot begins service to Anchorage in early May. In addition, the U.S. Congress may soon consider legislation that would have an impact on these consulates. As you'll recall, Senator Frank Murkowski testified before a joint hearing of our committees that such a resolution would be helpful to congressional deliberations.

I am prepared to testify about the resolution at your convenience. Please let me know if I can answer any questions or provide additional information about it.

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

December 13, 1990

Mr. V.M. Zelanov, Chief
Consular Affairs Department
Ministry of Foreign Affairs
Moscow, U.S.S.R.

Dear Victor Matveyevitch:

My administration is firmly committed to the development of close ties between Alaska and the Soviet Union. It is our hope that your government will establish its second West Coast consulate in Alaska.

Toward that end, I wish to extend an invitation to you to visit our state at a mutually convenient time in order that we may pursue discussions about the consulate. I am proud that Alaskans have been in the forefront of people-to-people and commercial contacts between our two countries. A consulate would permit further development of our maturing relationship.

In the meantime, we look forward to your continuing support of the on-going exchanges occurring between Alaska and the Soviet Far East, such as the Juneau - Vladivostok exchange occurring later this week.

I look forward to your reply.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel
Governor