

STATE OF ALASKA
SENATE

1987

Source

CSSR 20(Res)

Senate

Resolve No.

17



Relating to the export of the state's North Slope crude oil.

BE IT RESOLVED BY THE SENATE:

WHEREAS the state, through its royalty share of Alaska North Slope crude oil, receives approximately 6,500,000 barrels of oil per month, all of which is sent through the Trans-Alaska Pipeline; and

WHEREAS the Export Administration Act of 1979 (50 U.S.C. 2401 - 2420) essentially prohibits the export of crude oil transported through the pipeline and requires the action of President Reagan and the United States Congress to lift the prohibition; and

WHEREAS, under the Energy Policy and Conservation Act (42 U.S.C. 6212), Alaskan crude oil that does not go through the pipeline is subject to the export restrictions of 15 C.F.R. 377.6, and these restrictions can be lifted by the federal administration without Congressional action;

WHEREAS the United States trade deficit in 1986 totaled \$169,800,000,000 of which \$58,600,000,000 was with Japan; \$7,100,000,000 was with Korea; \$15,700,000,000 was with Taiwan; and \$6,400,000,000 was with Hong Kong, and the deficits with Korea, Taiwan, and Hong Kong are the fastest growing trade deficits; and

WHEREAS the growth of this trade deficit is attributable to ever-shrinking exports by the United States; the exports of the United States declined by nearly \$12,000,000,000 between 1984 and 1986 while imports rose by only \$1,700,000,000 during the same time period; and

WHEREAS the United States exports only about \$3,600,000,000

in petroleum products, but these products are in high demand by those Pacific Rim nations with whom the United States has large and growing trade deficits; and

WHEREAS the recent shipment of Canadian Beaufort Sea oil to Japan by Gulf Canada Corporation proves that seasonal transportation of Alaska North Slope crude oil to Pacific Rim markets is possible without using the pipeline; and

WHEREAS a dock exists at Kuparuk that can handle oil-carrying barges that could transport the crude oil to ocean-going tankers and eliminate the need for the oil to go through the pipeline; and

WHEREAS Japan's Ship Research Institute is now prepared to build a full-size model of a 200,000-ton Arctic icebreaking tanker after nine years of study and design; and

WHEREAS the current glut of oil on the West Coast and the lower prices for oil worldwide have not only shut down many small stripper wells across the country but have virtually stopped all exploration and drilling of new wells; this situation will deplete United States energy reserves, which will in turn threaten national security; and

WHEREAS, in March 1987, the United States Department of Energy reported to the President of the United States the results of a department study that concluded that permitting the export of Alaska North Slope crude oil would "improve the energy security of the United States"; and

WHEREAS the export of Alaska's royalty share of Alaska North Slope crude oil would help ease the West Coast glut, create new markets for Alaska oil, assist in the development of an export market for the state for other products, create conditions more conducive to increased oil exploration, and decrease the total United States trade deficit;

BE IT RESOLVED that the Senate respectfully requests the Governor to immediately begin exploring the steps necessary to

(1) export Alaska North Slope crude oil by water via Kuparuk to Pacific Rim and other foreign nations rather than through the Trans-Alaska Pipeline; and

(2) obtain the approval of the President of the United States for lifting the export restrictions on the export of Alaska North Slope crude oil that is not transported through the Trans-Alaska Pipeline.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable George P. Shultz, Secretary of State; the Honorable James A. Baker III, Secretary of the Treasury; the Honorable Donald P. Hodel, Secretary of the Interior; the Honorable Malcolm Baldrige, Secretary of Commerce; the Honorable John S. Herrington, Secretary of Energy; the Honorable Robert Ortner, Under Secretary for Economic Affairs of the U.S. Department of Commerce; the Honorable Bruce Smart, Under Secretary for International Trade of the U.S. Department of Commerce; the Honorable Louis F. Laun, Assistant Secretary for

International Economic Policy of the U.S. Department of Commerce; the Honorable Orson G. Swindle III, Assistant Secretary for Economic Development of the U.S. Department of Commerce; the Honorable Judith A. Brady, commissioner of natural resources; and the Honorable J. Anthony Smith, commissioner of commerce and economic development.