

SENATE AND HOUSE JOINT
JOURNAL SUPPLEMENT

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No. 18

PRESENTATION OF SENATOR FRANK MURKOWSKI

TO ALASKA STATE LEGISLATURE

FEBRUARY 16, 1984

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PRESIDENT KERTTULA, SPEAKER HAYES, MEMBERS OF THE
THIRTEENTH ALASKA STATE LEGISLATURE, FELLOW ALASKANS:

THIS IS THE FOURTH TIME THAT I HAVE HAD THE PLEASURE TO
SPEAK TO YOU SINCE THE PEOPLE OF ALASKA ELECTED ME TO THE UNITED
STATES SENATE. I LAST SAW SEVERAL OF YOU AT THE ALASKA STATEHOOD
CELEBRATION IN JANUARY. DURING THE SILVER ANNIVERSARY
CELEBRATION, I LISTENED TO MANY OF THE DELEGATES RELIVE THE
BATTLES THAT TOOK PLACE AMONG THOSE ALASKANS WHO DRAFTED OUR
STATE CONSTITUTION.

WE WENT THROUGH THOSE BATTLES TO BECOME ACCEPTED AS A
STATE, TO GAIN EQUAL FOOTING WITH THE OTHER STATES OF THE UNION,
BUT MOST OF ALL, TO CONVINCED THE FEDERAL GOVERNMENT THAT WE COULD
HANDLE THE RESPONSIBILITIES OF STATEHOOD.

WHEN I THOUGHT ABOUT THOSE BATTLES, IT OCCURRED TO ME
THAT THERE IS A COMMON THREAD WHICH RUNS THROUGH THE HISTORY OF
ALASKA. AND THAT IS THE FACT THAT WE HAVE BEEN ENGAGED IN A
CONTINUAL FIGHT TO GAIN CONTROL OF OUR OWN LAND, AND OUR HUMAN
AND NATURAL RESOURCES.

THAT IS MY MESSAGE TODAY: ALASKANS MUST CONTINUE TO
STRUGGLE AGAINST OUTSIDE DOMINATION -- PARTICULARLY FROM THE
FEDERAL GOVERNMENT, AND TO A LESSER DEGREE TOWARD ABSENTEE
OWNERSHIP OF ALASKAN RESOURCES. IT HAS NEVER BEEN EASY FOR
ALASKANS, BUT WE HAVE ALWAYS DONE PRETTY WELL IN THE FINAL
OUTCOME. WE WILL CONTINUE TO OVERCOME THE OBSTACLES THAT FACE US
BECAUSE WE HAVE DETERMINATION, COURAGE AND PERSEVERANCE.

THE EARLY PIONEERS OF STATEHOOD HAD THESE QUALITIES, AND
AS A RESULT, THEY FINALLY WON PASSAGE OF THE FEDERAL LEGISLATION
WHICH WE CELEBRATED IN FAIRBANKS LAST MONTH. BUT STATEHOOD WAS

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ONLY ONE IN A SERIES OF BATTLES ALASKANS WAGED IN THE LAST 25
YEARS. WE COULD NOT UNSHACKLE THE POTENTIAL OF OUR NATIVE PEOPLE
UNTIL WE WORKED TO PASS THE ALASKA NATIVE CLAIMS SETTLEMENT ACT.
WE COULD NOT BEGIN THE DEVELOPMENT OF OUR OIL RESOURCES WHICH
HAVE CONTRIBUTED SO SIGNIFICANTLY TO OUR ECONOMIC BASE UNTIL
CONGRESS PASSED THE TRANS-ALASKA PIPELINE ACT. WE WERE THEN
FACED WITH A LAND FREEZE UNTIL THE PASSAGE OF THE ALASKA LANDS
ACT, AND MOST RECENTLY THE ALASKA RAILROAD ACT WHICH IS NOW
PENDING BEFORE YOU.

A FIGHT I HAVE LED IS FOR PASSAGE OF MY ARCTIC SCIENCE
BILL, WHICH HAS TWICE PASSED THE SENATE, AND NOW AWAITS PASSAGE
IN THE HOUSE. THIS HAS BEEN MY PRIORITY LEGISLATION. I EXPECT
THE BILL TO PASS THE HOUSE SOON THROUGH DON YOUNG'S EFFECTIVE
EFFORTS. IN CONFERENCE, WE WILL HAVE THE OPPORTUNITY TO
STRENGTHEN THE ROLE OF ALASKA'S SCIENTIFIC COMMITTEE WHICH HAD
BEEN LESSENERED BY RECENT EFFORTS TO PUT THE AUTHORITY IN THE
ACADEMY OF SCIENCE. WHEN THIS LEGISLATION BECOMES LAW, IT WILL
ADD A SIGNIFICANT CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF
ALASKA'S RESOURCE BASE. IT WILL ALSO DIRECT THE ATTENTION OF
AMERICA TO ALASKA, AND THE REALIZATION THAT THE ENERGY WEALTH OF
OUR NATION LIES IN OUR STATE.

WE WILL HAVE AT HAND AN INDEPENDENT, UNBIASED GROUP OF
AMERICA'S LEADING SCIENTISTS TO RESPOND TO OUR PRIORITIES. AND,
OVER A PERIOD OF TIME, WE CAN DIRECT THAT THIS SCIENTIFIC
EXPERTISE BE COORDINATED THROUGH OUR STATE UNIVERSITIES.

IT HAS BEEN ESTIMATED THAT THE COST OF THE ALYESKA
PIPELINE COULD HAVE BEEN REDUCED BY 1.2 BILLION HAD SUCH AN
UNBIASED GROUP OF SCIENTISTS BEEN AVAILABLE TO RESPOND TO MANY OF
THE CONCERNS ASSOCIATED WITH THE SIMPLE QUESTIONS OF CARIBOU
CROSSING THE PIPELINES OR WITH THE EFFECTS ON THE ENVIRONMENT OF
A HOT PIPELINE THROUGH PERMAFROST.

THE ALASKA MILLS ARE DIFFERENT FROM OTHER MILLS IN THE LOWER 48 BECAUSE THEY HAVE TO GENERATE THEIR OWN POWER AND THEREFORE CANNOT BE REGULATED BY THE SAME RULES WHICH APPLY TO OPERATIONS IN WASHINGTON AND FLORIDA, WHERE THEY CAN BUY CHEAP POWER FROM A LOCAL POWER GRID.

FROM THE INTERIOR, ALASKA'S PLACER MINING INDUSTRY IS CAUGHT IN AN ENVIRONMENTAL CATCH 22 WHICH EPA HAS CRAFTED. THE AGENCY IS PROPOSING PERMIT DISCHARGE REQUIREMENTS WHICH PLACER MINERS MAY NOT BE ABLE TO MEET. THE ABILITY OF THE STATE TO RECLASSIFY SOME STREAMS TO ACCOMMODATE PLACER MINING IS BEING HAMSTRUNG BY EPA RULES WHICH COULD PROHIBIT SUCH RECLASSIFICATIONS TO OCCUR. ALASKANS WILL NOT TOLERATE CLEAR FISHING STREAMS TO BE CLOUDED BY UNRESTRICTED RUNOFF FROM MINING ACTIVITIES. REASONABLE EPA LAWS THAT REQUIRE SETTLING PONDS AND OTHER SAFE-GUARDS WILL INSURE PROTECTION OF THE ENVIRONMENT WITHOUT ELIMINATING THE TRADITIONAL ECONOMIC AND RECREATION BASE OF MUCH OF ALASKA. INTEREST.

CURRENTLY HIGH ON THE LIST IS THE ENVIRONMENTAL PROTECTION AGENCY.

EPA HAS SINGULAR AUTHORITY TO RULE OVER AMERICA'S INDUSTRIAL MIGHT AND PRODUCTIVITY WITH LITTLE CONCERN FOR MANY OF THE BASIC PRECEPTS AND ECONOMIC REALITIES REQUIRED FOR OUR COUNTRY'S PROSPERITY AND EMPLOYMENT BASE. THIS IS EVIDENT IN EPA'S REFUSAL TO DATE TO GRANT VARIANCES FOR TWO SOUTHEAST PULP MILLS.

WITHOUT THESE VARIANCES, OUR PULP MILLS IN SITKA AND KETCHIKAN WILL NO LONGER BE ABLE TO OPERATE ECONOMICALLY. THE MILLS HAVE ALREADY INDICATED THAT WITHOUT SOME RELIEF FROM EPA, THEY WILL PROBABLY SHUT DOWN. HUNDREDS OF SOUTHEAST JOBS IN BOTH

THE PULP MILL AND THE LOGGING INDUSTRY WILL BE LOST, AND THE ECONOMICS OF SITKA AND KETCHIKAN WILL BE DRASTICALLY AFFECTED. THIS COULD ALL BE AVOIDED IF THE EPA WOULD SIMPLY RECOGNIZE THAT I PROPOSE THAT WE CREATE A SPECIAL EPA ALASKA REGIONAL HEADQUARTERS HERE IN ALASKA, NOT SEATTLE.

OUR NEW EPA REGION MUST BE HEADED BY AN ADMINISTRATOR WHO IS VESTED WITH THE KNOWLEDGE AND AUTHORITY TO CREATE STANDARDS SPECIFICALLY TAILORED TO MEET ALASKA'S UNIQUE REQUIREMENTS WHILE PROTECTING OUR ENVIRONMENT, AND TO ENSURE THAT THE BEAUTY OF OUR STATE AND THE LIFE STYLE OF OUR PEOPLE IS MAINTAINED.

I MET WITH HIGH-LEVEL EPA OFFICIALS LAST WEEK IN WASHINGTON AND SUGGESTED THIS COURSE. I WILL CONTINUE TO PURSUE THIS IDEA, AND I AM PREPARED TO INTRODUCE LEGISLATION IF NECESSARY. UNFORTUNATELY, EPA IS NOT OUR ONLY OBSTACLE. THE SOUTHEAST ECONOMIC FORECAST IS NOT BRIGHT. AN EQUITABLE PACIFIC SALMON TREATY MUST SOON BE AGREED UPON BY ALASKA, WASHINGTON, OREGON AND CANADA IN ORDER TO STABILIZE THE MANAGEMENT OF THIS VALUABLE RESOURCE. I UNDERSTAND A COMPUTER ERROR HAS RESULTED IN THE MISCOUNTING OF KING SALMON, AND IT NOW APPEARS THAT THERE MAY BE 500,000 LESS KINGS AVAILABLE THAN WAS PREVIOUSLY THOUGHT. LIMITATIONS MAY HAVE TO BE IMPOSED ON COMMERCIAL FISHERMEN IN A YEAR WHEN SOUTHEAST ALASKA NEEDS A PROSPEROUS SEASON. SENATOR STEVENS IDENTIFIED MANY OF OUR FISHERIES' PROBLEMS WHEN HE ADDRESSED YOU EARLY IN THE WEEK. THE DEVASTATION OF OUR KING CRAB FISHERIES MUST BE MADE UP BY MAKING DEMANDS ON FOREIGN PROCESSORS WHO FISH THEIR ESTABLISHED ALLOTMENTS TO USE MORE RESIDENT ALASKAN VESSELS. I HAVE MADE THIS VERY CLEAR IN MY MEETINGS WITH THE JAPANESE AND KOREANS.

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ANOTHER SERIOUS IMPACT ON SOUTHEAST ALASKA'S ECONOMY HAS BEEN THE DECLINING MARKET FOR ALASKA'S PRIMARY PROCESSED WOOD PRODUCT, THE CANT. ONLY A FEW YEARS AGO THE TWO MILLS IN WRANGELL, TWO MILLS IN HAINES AND THE MILL IN KETCHIKAN WERE OPERATING ON TWO SHIFTS, TURNING OUT MILLIONS OF BOARD FEET OF HEMLOCK AND SPRUCE CANTS. TODAY, THESE MILLS ARE SHUT DOWN -- PERHAPS PERMANENTLY. HUNDREDS OF JOBS IN THE MILLS, THE WOODS AND LONGSHORING ARE GONE. WITH THE RAPID EXPANSION OF ROUND LOG EXPORT FROM PRIVATE NATIVE LANDS AND THE SLOW DOWN IN THE WORLD ECONOMY, THE PRICE FOR BOTH LOGS AND CANTS HAS DROPPED. NOW FIRMS EXPORTING ROUND LOGS HAVE HAD TO TURN TO HIGH-GRADING THE BETTER TIMBER TO GENERATE CASH FLOWS SUFFICIENT TO MAINTAIN THEIR DEBT REQUIREMENTS. THEY CANNOT LOG THEIR PULP LOGS (WHICH RUN AS HIGH AS 60% OF THEIR TIMBER STAND) AT A RETURN SUFFICIENT TO RECOVER THEIR COSTS. YET THEY CONTINUE TO LOG OR GO OUT OF BUSINESS.

TO COMPOUND THIS, THE PULP MILLS CAN OFTEN BUY LOGS CHEAPER IN CANADA AND TOW THEM TO ALASKA. IF THE TWO PULP MILLS, WHICH HAVE BEEN OPERATING AT A LOSS THE LAST SEVERAL YEARS WERE TO CLOSE, THERE WOULD BE NO WAY TO UTILIZE THE MAJORITY OF THE TIMBER WHICH IS SUITABLE ONLY FOR PULP.

TONIGHT, IN JUNEAU, I WILL BE MEETING WITH A NUMBER OF ALASKANS TO PLAN THE TURN AROUND IN ALASKA'S FOREST PRODUCTS INDUSTRY. IN 1982, THE CONGRESS PASSED THE EXPORT TRADING ACT. TONIGHT WE MEET TO EXAMINE THE ADVANTAGES OF FORMING AN EXPORT TRADING COMPANY TO MARKET ALASKA'S WOOD PRODUCTS. THE PURPOSE OF THE ACT IS TO ENCOURAGE BUSINESSES TO JOIN TOGETHER TO EXPORT PRODUCTS PRODUCED IN THE U. S. AND PROVIDE ANTI-TRUST PROTECTION FOR JOINT EXPORTING. THIS FEDERAL LEGISLATION WAS SET UP TO COUNTER THE HIGHLY EFFECTIVE FOREIGN TRADING COMPANIES. THE ADVANTAGE TO THE ALASKAN WOOD PRODUCTS INDUSTRY IS THAT THEY WOULD NOT BE SUBJECT TO THE EXISTING COMPETITIVE BACKLASH.

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ALASKAN FOREST PRODUCTS WOULD BE SOLD AT A PREVAILING PRICE WHICH WOULD BE STABILIZED BY THE SUPPORT OF THE PARTICIPATING MEMBERS.

THIS GROUP I AM MEETING WITH REPRESENT ALL SEGMENTS OF THE INDUSTRY AND INCLUDE MEMBERS FROM THE ALASKA LOGGERS ASSOCIATION, THE STATE OF ALASKA AND THE GOVERNOR'S OFFICE, NATIVE LOG EXPORTERS, PULP AND SAW MILLS, REGIONAL AND VILLAGE CORPORATIONS, THE FINANCIAL COMMUNITY AND OTHERS.

THESE ARE TOUGH TIMES FOR THE INDUSTRY, BUT I FEEL CONFIDENT THAT WE ARE UP TO ANOTHER BATTLE TO MAINTAIN ONE OF ALASKA'S TRADITIONAL INDUSTRIES. THERE IS A SAYING THAT GOES "WHEN THE GOING GETS TOUGH, THE TOUGH GET GOING," AND I THINK WE ARE ON OUR WAY.

ONE MIGHT HOPE THAT THE U. S. BORAX MOLYBDENUM MINE NEAR KETCHIKAN WOULD BE ONE OF THE FEW BRIGHT SPOTS REMAINING ON THE SOUTHEAST ECONOMIC HORIZON. HOWEVER, WITH THE DECLINE IN THE WORLD PRICE OF MOLYBDENUM, WE CAN ONLY SPECULATE ON WHETHER THERE MAY BE A DELAY IN THIS PROJECT AS WELL.

THE TOURISM INDUSTRY LOOKS GOOD FOR ALL OF ALASKA BUT DON DICKEY IS GOING TO HAVE TO MAKE SURE THE TOURISTS SPEND AN EXTRA FEW DAYS AND A FEW EXTRA DOLLARS HERE IN SOUTHEAST ALASKA.

ALASKANS HAVE EXPRESSED APPREHENSION OVER THE INTERIOR DEPARTMENT'S PROPOSED OCS LEASE SCHEDULE AND THE ANTICIPATED IMPACT OF OIL DEVELOPMENT. WHILE I SHARE THIS CONCERN, IT IS IMPORATANT TO RECALL A FEW YEARS BACK WHEN WE WERE DRILLING IN THE GULF OF ALASKA AND THE TARGETED IMPACT AREAS WERE YAKUTAT AND SEWARD. BUT THEY DID NOT FIND OIL.

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THE MUKLUK WELL -- THE MOST EXPENSIVE WELL DRILLED TO DATE IN ALASKA, WITH THE HIGHEST PROBABILITY OF COMMERCIAL RECOVERY -- WAS A DRY HOLE. YET A FEW WEEKS LATER, SHELL OIL COMPANY MADE A DISCOVERY AT SEAL ISLAND -- 40 MILES FROM THE MUKLUK -- WITH AN INITIAL FLOW OF 5000 BB PER DAY -- ALASKA'S FIRST, AND I STRESS THE WORD FIRST, OCS DISCOVERY WITH COMMERCIAL POTENTIAL. IRONICALLY, THE ODDS ON FINDING ANY OIL ON SEAL ISLAND WERE 1 IN 20, COMPARED WITH MUKLUK'S CHANCES OF 1 IN 5. MIND YOU NOT COMMERCIAL QUANTITIES - JUST ANY. YET NO DECISION HAS BEEN MADE THAT SEAL ISLAND WILL BE DEVELOPED COMMERCIALY, EVEN THOUGH, PUMP STATION 1 IS ABOUT 25 MILES AWAY. IN ORDER FOR OIL TO BE DEVELOPED IN OUR STATE WITH THE HIGH COST OF EXPLORATION, THE FIELDS MUST BE VERY LARGE. OIL IS WHERE YOU FIND IT -- BUT IN ALASKA YOU HAD BETTER FIND A LOT OF IT.

THERE HAS BEEN MUCH SPECULATION THAT THE KUPARUK FIELD, WHICH NOW CONTRIBUTES OVER 100,000 BB PER DAY, MIGHT NOT HAVE COME INTO PRODUCTION HAD THE INDUSTRY KNOWN IN ADVANCE OF THE DECLINE OF WORLD PRICE FOR CRUDE OIL.

AS WE ADDRESS THE ISSUE OF OCS LEASE SALES, WE MUST KEEP IN PERSPECTIVE THE DEPENDENCE OF ALASKA, AT LEAST FOR THE TIME BEING, ON OIL-GENERATING REVENUES, AND WHERE WE WOULD BE TODAY WITHOUT THEM. BEFORE WE INITIATE TOO MANY DLEAYS IN THE OCS SALE PROCESS, WE MUST REMIND OURSELVES THAT THESE SALES ARE REALLY ONLY RIGHTS TO LOOK FOR OIL -- WITH NO ASSURANCE IT WILL BE FOUND.

THERE IS AN ASSUMPTION THAT THE OCS LEASING PROGRAM IS LIMITLESS, COVERING HUGE AREAS OF ALASKA'S CONTINENTAL SHELF. BUT IN THE THREE LEASE SALES TO DATE -- THE DIAPER, NORTON BASIN, AND ST. GEORGE BASIN, ONLY 23% OF THE ACREAGE OF THE TRACTS OFFERED RECEIVED BIDS. ESTIMATES ON THE NEXT SIX PROPOSED SALES

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INDICATE THAT INDUSTRY WILL NOT BID ON MORE THAN 33% OF THE TRACTS OFFERED. IT IS ESTIMATED THAT 175 MILLION ACRES OR 70% COULD BE ELIMINATED FROM THE SIX UPCOMING ALASKA SALES WITHOUT AFFECTING THE CURRENT AREAS OF HIGH INTEREST.

I HAVE REQUESTED THAT HEARINGS BE HELD BY THE SENATE ENERGY COMMITTEE TO EXAMINE OUR NATION'S OCS POLICY, AND I HAVE BEEN ASSURED BY THE CHAIRMAN THAT THEY WILL SOON BE SCHEDULED. IN ALASKA WE SHOULD WORK TO ESTABLISH A CLOSER WORKING RELATIONSHIP WITH THE DEPARTMENT OF INTERIOR, OUR STATE GOVERNMENT AND THE AREAS TAT MIGHT BE IMPACTED.

WHEN CONGRESS RETURNS NEXT WEEK FROM ITS LINCOLN DAY RECESS, IT WILL TAKE UP THE EXPORT ADMINISTRATION ACT. AT THAT TIME, I WILL INTRODUCE MY AMENDMENT TO ALLOW THE EXPORT OF 200,000 BARRELS OF OIL PER DAY ON U. S. FLAG TANKERS. NEARLY EVERYONE HERE UNDERSTANDS THE BENEFITS OF OIL EXPORT -- IT WOULD INCREASE STATE TAX REVENUES BY \$70 MILLION PER YEAR AND FEDERAL TAX REVENUES BY \$178 MILLION PER YEAR. IT WOULD ALSO DECREASE OUR TRADE DEFICIT WITH JAPAN AND ENCOURAGE EXPLORATION AND PRODUCTION IN ALASKA. THE REDUCTION IN TRANSPORTATION COST COULD ENABLE OUR NATION TO ACHIEVE GREATER ENERGY INDEPENDENCE IN OIL BY THE ADDED INDUCEMENTS OF A HIGHER RETURN TO SUPPORT BRINGING ON-STREAM ALASKA'S FIELDS. MIKE MANSFIELD, OUR ABASSADOR TO JAPAN, HAS WRITTEN ME IN SUPPORT OF OIL EXPORT. HE STATED THAT THE EXPORT OF ALASKA OIL WOULD BENEFIT THE AMERICAN CONSUMER, TAXPAYER, AND STRENGTHEN U. S. SECURITY.

LOGIC DICTATES THAT OIL EXPORT IS IN THE NATIONAL INTEREST, BUT A COUPLE OF OLD POLITICAL FACTS REMAIN. FIRST, THE MARITIME INTERESTS OPPOSE IT BECAUSE IT WOULD REDUCE THE DISTANCE THE OIL WOULD BE TRANSPORTED. THEY HAVE LOBBIED MEMBERS OF

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CONGRESS AND INFORMED THEM THAT MY AMENDMENT WOULD LET THE CAMEL'S NOSE UNDER THE TENT, SO TO SPEAK, AND EVENTUALLY ALLOW THE FLOW OF OIL IN FOREIGN VESSELS. YET MY AMENDMENT CLEARLY LIMITS THE AMOUNT OF OIL TO BE EXPORTED UP TO 200,000 BARRELS PER DAY AND SPECIFIES THAT IT BE CARRIED ON U.S. FLAG TANKERS.

FURTHER, U.S. VESSELS MUST BE REPAIRED IN U.S. YARDS. LASTLY, THE PRESIDENT MAY CANCEL EXPORT IF HE DEEMS IT TO BE IN THE NATIONAL INTEREST. THE ACT WOULD BE EFFECTIVE JANUARY 1, 1985.

I HAD MEETINGS WITH SEVERAL OPPONENTS OF THE AMENDMENT LAST WEEK TO DISCUSS THEIR OBJECTIONS AND GOT AN INSIDE LOOK AT POLITICAL HORSE TRADING. SOME OF OUR OPPONENTS WERE PREPARED TO CHANGE THEIR POSITION AND SUPPORT THE ALASKA OIL EXPORT AMENDMENT. THAT SUPPORT, HOWEVER, WAS CONDITIONAL UPON RECEIVING CONCESSIONS FROM THE ADMINISTRATION ON A MARITIME ISSUE WHICH HAD ABSOLUTELY NOTHING TO DO WITH ALASKA OIL EXPORT. THE TRADE DISCUSSED WAS THE UNION DEMAND TO MAN NAVAL CARGO SHIPS USED TO SUPPLY OUR FLEET.

MY PURPOSE IN TELLING YOU ABOUT MY NEGOTIATIONS IS TO SHARE WITH YOU THE ENORMOUS COMPLEXITIES ASSOCIATED WITH WHAT WOULD APPEAR ON THE SURFACE TO BE A VERY REASONABLE AMENDMENT. UNFORTUNATELY, THE DECK IS STACKED, AND THE POLITICS MAY OVERRIDE THE MERITS OF THE ALASKA OIL EXPORT LEGISLATION THIS TIME AROUND.

AS A RESULT, THE FEDERAL GOVERNMENT COULD ONCE AGAIN DICTATE TO ALASKA HOW TO MANAGE OUR OIL RESOURCE. OUR OIL WOULD REMAIN FOR A PERIOD A CAPTIVE OF THE UNITED STATES GOVERNMENT AND OUR STATE WILL STILL BE THE ONLY ONE IN THE UNION WHICH DOES NOT HAVE A FREE HAND IN DECIDING WHERE ITS PRODUCTS SHOULD BE SOLD.

THERE IS NO FEDERAL PROHIBITION ON THE 670,000 BARRELS OF REFINED PRODUCTS THAT ARE EXPORTED OUTSIDE THE U.S. DAILY,

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INCLUDING SOME 8,000 BARRELS PER DAY TO THE SOVIETS.

THROUGH A LOOP HOLE IN THE EXPORT ADMINISTRATION ACT, WE ARE ALREADY EXPORTING ALASKAN OIL IN FOREIGN SHIPS FROM VALDEZ TO THE VIRGIN ISLANDS. THE ONLY RESTRICTIONS IS ON ALASKA CRUDE OIL TO OUR ALLIES AND NEIGHBORS IN JAPAN AND KOREA.

WHILE WE MAY NOT WIN ON THE ALASKA OIL EXPORT AMENDMENT THIS MONTH, WE MUST CONTINUE TO FIGHT FOR OUR RIGHT TO SELL OUR NATURAL RESOURCES IN THE MARKET OF OUR CHOICE.

IF ALASKANS WERE TO SIMPLY ROLL OVER AND GIVE UP ON THE ISSUE, WE WOULD FAIL TO SHOW CONGRESS HOW IMPORTANT IT IS TO US. WE COULD LOSE THE OPPORTUNITY THE EXPORT ADMINISTRATION ACT HAS PRESENTED US TO MAKE OUR CASE FOR ALASKA OIL EXPORT.

BUT THERE'S MORE AT STAKE THAN JUST OIL.

EXPERTS PREDICT THAT THE 21ST CENTURY WILL BE THE CENTURY OF THE PACIFIC, AND THE POWER CENTER OF COMMERCE AND TRADE WILL SHIFT FROM THE ATLANTIC COAST TO THE PACIFIC.

ONE REASON FOR THE SWITCH IS THE INCREDIBLE GROWTH AND DEVELOPMENT WHICH IS EXPECTED TO OCCUR IN JAPAN, TAIWAN, SOUTH KOREA AND OTHER PACIFIC RIM NATIONS. ALASKA'S POTENTIAL TO SERVE AS A RESOURCE STOREHOUSE FOR THAT REGION IS VIRTUALLY LIMITLESS. MORE THAN A BILLION DOLLARS' WORTH OF OUR NATURAL RESOURCES WERE EXPORTED TO THE FAR EAST IN 1981.

IT IS MY GOAL TO DO ALL I CAN AS CHAIRMAN OF THE SENATE FOREIGN RELATIONS SUBCOMMITTEE ON EAST ASIAN AND PACIFIC AFFAIRS TO PROMOTE ALASKA RESOURCES TO OUR NEIGHBORS AND TO LIFT THE BARRIERS TO EXPORT.

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I RECENTLY TRAVELED TO TAIWAN, JAPAN AND KOREA. I WAS

JOINED IN JAPAN AND KOREA BY SENATOR BETTYE FAHRENKAMP, REPRESENTATIVE BOB BETTISWORTH AND REPRESENTATIVE JOHN COWDERY, AND BILL OVERSTREET. I WANT TO COMMEND YOU ON YOUR FORESIGHT IN SENDING YOUR DELEGATION TO MEET WITH PACIFIC RIM LEADERS.

THEIR PRESENCE INDICATED TO THE JAPANESE AND THE KOREANS THAT THE WEIGHT OF THE ENTIRE STATE IS BEHIND OUR EFFORTS TO OPEN UP RESOURCE MARKETS IN THEIR COUNTRIES. IN ADDITION, THE OIL EXPORT PUBLIC RELATIONS PLAN WHICH YOU ARE NOW CONSIDERING WILL BE OF GREAT ASSISTANCE IN COMBATING THE MISCONCEPTIONS THAT MANY PEOPLE IN OUR OWN GOVERNMENT STILL HAVE ABOUT THIS ISSUE. GOVERNOR SHEFFIELD AND THE ALASKA LEGISLATURE HAVE AN IMPORTANT ROLE TO PLAY IN SETTING THE FUTURE COURSE FOR ALASKA EXPORTS, AND I BELIEVE YOU HAVE INITIATED A SOUND PROGRAM FOR REACHING THAT GOAL.

AS WE APPROACH THE YEAR 2000, ASIA WILL BE SCRAMBLING FOR THE VERY ENERGY AND NATURAL RESOURCES WHICH ABOUND IN ALASKA. WE MUST BEGIN PREPARING NOW SO WE WILL HAVE THE INFRASTRUCTURE IN PLACE WHEN THEY ARE READY TO BUY.

FOR THAT REASON, I URGED THE JAPANESE, TAIWANESE AND KOREAN LEADERS TO HOLD A PACIFIC BASIN SUMMIT MEETING, AT WHICH THEY WOULD DISCUSS THEIR FUTURE NATURAL RESOURCE NEEDS AND THE SOURCE OF THEIR SUPPLIES FOR THE COMING DECADE. I SUGGEST TO YOU TODAY THAT ALASKA SHOULD TAKE A LEADING ROLE IN ORCHESTRATING THIS SUMMIT. I URGE OUR GOVERNOR TO INVITE OUR PACIFIC RIM NEIGHBORS TO HOLD THEIR FIRST MEETING IN ALASKA, WHERE THEY CAN GET A FIRST-HAND LOOK AT WHAT WE HAVE TO OFFER.

THE ENERGY SUMMIT APPROACH IS PARTICULARLY APPROPRIATE FOR DEVELOPING ALASKA NATURAL GAS. OUR SUPPLY FAR EXCEEDS WHAT ANY OF THOSE NATIONS WOULD CONSUME IN THE FORESEEABLE FUTURE. THEREFORE, A COLLECTIVE EFFORT IS IN ORDER--A CONSORTIUM WHICH

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WOULD SERVE AS A BASE FOR THE ACCUMULATION OF CAPITAL TO BUILD THE LINE.

MAKE NO MISTAKE, I'M NOT PROPOSING THAT WE ABANDON THE ALASKA NATURAL GAS PIPELINE SYSTEM, WHICH PROPOSES TO SHIP THE GAS TO THE LOWER 48. I SIMPLY BELIEVE THAT WE SHOULD SUPPORT AND PURSUE ANY PROJECT THAT HAS A REASONABLE CHANCE OF SUCCEEDING IN MARKETING ALASKA'S TREMENDOUS GAS RESERVES.

HOWEVER, FINDING MARKETS FOR OUR GAS IS NOT OUR ONLY CHALLENGE. AGAIN, WE FACE THE COMPULSION OF THE FEDERAL GOVERNMENT TO STEP IN AND MAKE OUR DECISIONS FOR US. IN ORDER TO RECEIVE CONGRESSIONAL BLESSING FOR GAS EXPORT, WE WILL HAVE TO LOBBY EXTENSIVELY AT THE NATIONAL LEVEL USING THE FOLLOWING FACTS. FIRST, AS I MENTIONED EARLIER, THERE'S TOO MUCH GAS FOR ANY ONE COUNTRY, EVEN THE UNITED STATES, AND SECOND, THE ONLY WAY TO MAKE A SERIOUS DENT IN OUR TRADE IMBALANCE WITH JAPAN, KOREA AND TAIWAN IS TO SELL THEM SOMETHING OF SIGNIFICANT VALUE. AND THAT IS ENERGY.

TO TAKE ADVANTAGE OF LOOMING ECONOMIC OPPORTUNITIES, WE WILL NEED TO LAUNCH A PROGRAM OF TARGETED DEVELOPMENT PLANNING.

FOR EXAMPLE, WE WILL NEED TO KNOW EXACTLY WHAT RESOURCES WE HAVE, WHAT OUR POTENTIAL TRADING PARTNERS NEED, WHAT OUR CONSTRAINTS ARE, AND WHAT ADVANTAGES WE CAN OFFER TO POTENTIAL CUSTOMERS.

I SUGGEST THE FORMATION OF A SPECIAL COMMISSION.

THE COMMISSION'S MANDATE SHOULD BE TWO-FOLD: FIRST, TO DETERMINE WHAT WE AS A STATE WOULD REALISTICALLY LIKE TO ACCOMPLISH IN THE WAY OF ECONOMIC DEVELOPMENT OVER THE COMING DECADES, AND SECOND, TO DRAFT A PLAN OF ACTION TO ACCOMPLISH OUR ECONOMIC OBJECTIVES. THIS BODY SHOULD FOCUS ON ALASKA'S ROLE IN

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PACIFIC RIM DEVELOPMENT. THROUGH SUCH AN EFFORT, I BELIEVE WE IN ALASKA CAN BE ACTIVE PARTICIPANTS IN THE "CENTURY OF THE PACIFIC."

BEFORE I FINISH MY COMMENTS ABOUT NATURAL RESOURCE EXPORTS, I WOULD LIKE TO GIVE YOU AN EXAMPLE OF THE POTENTIAL MARKETS WHICH EXIST. WHEN I WENT TO CHINA LAST SPRING, I LEARNED THAT THAT NATION WHICH MAKES UP ONE FIFTH OF THE EARTH'S POPULATION HAS VIRTUALLY NO WOOD FIBER. THEY MAKE PAPER OUT OF STRAW. ONE DAY ALASKA'S NATIVE TIMBER WILL BE SUPPLYING THIS MARKET.

I AM LEAVING FOR CHINA TOMORROW, WHERE AS A GUEST, I WILL JOIN SIX MEMBERS OF GEORGETOWN UNIVERSITY'S CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, INCLUDING FORMER DEFENSE SECRETARY MELVIN LAIRD AND FORMER NATIONAL SECURITY ADVISOR ZBIGNIEW BRIZEZINSKI, FOR TWO DAYS OF MEETINGS ON TRADE. IN MY ROLE AS CHAIRMAN OF THE EAST ASIAN AND PACIFIC AFFAIRS SUBCOMMITTEE, YOU CAN BE SURE I WILL BE PUSHING ALASKA NATURAL RESOURCES IN EVERY MEETING I ATTEND.

OUR EFFORTS THESE PAST 25 YEARS HAVE BEEN SPENT IN ACQUIRING THE 104 MILLION ACRES OF LAND FOR OUR STATE AND THE 40 MILLION ACRES FOR OUR NATIVE PEOPLE. AS WE LOOK TOWARD OUR GOLDEN ANNIVERSARY IN 2009, WE SHOULD PLAN HOW TO BUILD FROM THAT FOUNDATION. WILL WE USE THE REVENUES FROM OUR NON-RENEWABLE RESOURCES--THE OIL, GAS AND COAL--TO ENHANCE OUR RENEWABLE RESOURCES--THE FISH, AGRICULTURE, TOURISM, TIMBER AND HYDRO-POTENTIAL AND MOST IMPORTANT, OUR HUMAN RESOURCES--OUR YOUNG ALASKANS? I AM CONFIDENT WE WILL.

AS ALASKA'S NATIVE COMMUNITY REFLECTS ON THE NEXT 25 YEARS, THE QUESTION OF NATIVE SOVEREIGNTY AND THE STATUS OF 1991 STOCKHOLDERS INTEREST MUST BE ADDRESSED. THESE ARE CONSIDERED BY

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MANY TO BE PROBLEMS AHEAD--BUT I THINK THEY REALLY REPRESENT IN THE MINDS OF ALASKANS, AN OPPORTUNITY TO BE ADDRESSED.

THE FINAL THOUGHT I WOULD LIKE TO LEAVE WITH YOU THIS AFTERNOON IS ONE OF EXCITEMENT, FUTURE POTENTIAL AND VISION. THREE YEARS AGO WHEN RONALD REAGAN TOOK HIS OATH OF OFFICE, IT WAS THE FIRST TIME IN U.S. HISTORY THAT A PRESIDENT WAS INAUGURATED ON THE WEST FRONT OF THE CAPITOL. OF COURSE, THE REASON FOR THE CHANGE WAS LOGISTICAL, NOT SYMBOLICAL--THE EAST FRONT IS SIMPLY TOO SMALL TO ACCOMMODATE ALL THE PEOPLE WHO WANT TO ATTEND AN INAUGURATION. BUT AS AN ALASKAN, I FOUND THE CHANGE SIGNIFICANT BECAUSE FOR THE FIRST TIME A PRESIDENT SWORE HIS OATH OF OFFICE FACING THE PACIFIC, NOT THE ATLANTIC.

THE FUTURE IS THE PACIFIC.

THE FUTURE IS ALASKA.