

SENATE-HOUSE JOINT JOURNAL SUPPLEMENT

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WEDNESDAY

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THE HONORABLE TED STEVENS

and

THE HONORABLE FRANK MURKOWSKI

U. S. SENATORS

Addressing the Joint Session of the
Sixteenth Alaska State Legislature

U.S. Senator Frank Murkowski
Address to the Alaska State Legislature
February 15, 1989

I. TONGASS

Last year we faced Tongass legislation that would have shut down the industry.

Because we demanded full and fair consideration of the issue in the Senate, this measure was not enacted into law

The anti-Tongass train was leaving the station early in the 101st Congress. The engine pulling that train was the claim that Tongass timber harvesting is heavily subsidized with taxpayers' money.

So Ted and I took the initiative and introduced legislation to put the brakes on this engine. Our bill makes timber harvesting in the Tongass responsive to global markets and maintain our dependent timber industry.

It repeals the automatic appropriation of \$40 million, and guarantees an adequate land base for timber harvesting.

This land base could support a harvest level of 4.5 billion board feet per decade, enough to sustain the industry at current employment levels.

This addresses the subsidy arguments and makes it clear that timber harvest levels will be limited by:

- the funding approved by Congress,
- demand of the industry
- and the sustained yield of the forest

Now there is a new issue: "Global Warming". There is an attempt to link responsible forest management in the Tongass with deforestation of tropical rain forests. It's an irresponsible subterfuge. —as we're telling our colleagues — based on myth, not facts.

Ted, Don and I are working closely with the Southeast Conference, our communities, the Governor and the state legislature to resolve this issue.

II. ANWR:

Alaska teamwork is also needed on ANWR. We have the support of President Bush and Interior Secretary Lujan, and we have the continuing support of Bennet Johnston, the chairman of the Senate Energy Committee.

On the other side; there are ten major environmental organizations who have targeted ANWR. It's their objective to turn it into a wilderness area, forever. However I'm optimistic that we can succeed..... provided we Alaskans keep our eye on the ball, and don't get diverted by side issues.

The legislation that Ted and I are introducing in the Senate would provide the state a 90/10 split of the revenues from the federal land. Everybody else wants to keep 100% of the revenue for the federal treasury .

If we end up with 50/50, keep in mind that 50% of something is better than 100%

of nothing ... and nothing is the amount of revenue we get if ANWR isn't opened.

We can forget about the proposed land trade issue for now. The exchanges do not have support among the key Congressional committees, nor do they currently have the support of the new Administration. For now, land trades are a dead issue.

As far as organized labor.....Of course, we all want Alaska hire and a livable prevailing wage in ANWR. Keep in mind, there's no one to negotiate with yet. The oil companies don't have leases in ANWR. Once they do, I'm confident we can work out this concern.

I'm encouraged that one major company is training and employing more Alaska residents on the Slope, and initiating some contracts. I believe the industry must do a better job in this regard. It's just good business to hire Alaska residents.

Above all, ANWR means jobs! The Prudhoe Bay project gave us 20,000 jobs, and decades of state revenues. The number of jobs that will come from ANWR will depend on how much oil there is to produce....but we can't know that until we accomplish the basic goal. ...We have to pass legislation to authorize leasing.

III. Oil Export:

Keeping our eyes on that basic goal also means that now may not be the best time to push for something we all support — lifting the ban on oil exports.

Opponents of ANWR, including the environmental groups, will argue that exporting oil to Japan, not energy security, is the real motive behind opening ANWR. And the maritime interests, who now strongly support our efforts on ANWR, will shift their energy to maintaining the export ban. We don't need that handicap in the debate on ANWR; especially since we don't even know that the oil producers want to export it.

Take the U.S.-Canada Free Trade Agreement enacted in January. It authorizes up to 50,000 bbls of ANS crude per day to go to Canada. It's significant, because for the first time since Congress passed the oil export ban in 1973, Congress has allowed limited exports of ANS crude oil.

Yet none of the producers have announced plans to export to Canada. This is an important point: For all our efforts to lift the export ban, we must keep in mind, that we can't mandate where and how the producers market that oil.

In 1967, in return for 900 million dollars and 1/8th royalty of production, we sold leases at Prudhoe Bay which authorized the companies to extract and market the oil as they determined to be in their best interest.

In other words, notwithstanding the increased revenues that would accrue to the State of Alaska if the export ban were lifted tomorrow, the question remains whether the producers of the oil would take advantage of such an opportunity.

I have yet to have one of the major oil companies call at my office to indicate that they will support exporting the oil they have under lease from the State.

The other day, when John Browne, CEO of BP America, spoke here in Juneau, he said it was becoming less and less advantageous for Alaska to push for the lifting of the oil export ban, due to the increased need for oil on the West Coast. — Something to keep in mind.

I'm not suggesting that we should give up on our efforts to change the law. All the arguments that I have heard from my friends here in the Legislature are valid. Certainly, Alaska stands to increase revenue if and when oil produced in our state can be marketed overseas.

It's all a question of timing. And I sincerely recommend that opening ANWR should be in the forefront at this time. We ought to steer clear of initiatives that might weaken our efforts on this matter.

There are exciting new developments underway that could lead to the marketing of high quantities of Alaska North Slope Gas. I would urge that the State consider ways to encourage possible incentives to bring this clean new resource on line.

IV. Fisheries:

Ted has addressed fisheries in some detail. I just want to touch on one of my highest priorities — halting the interception of Alaskan salmon by Asian squid fleets, and stemming the worldwide black-market trade.

People generally are waking up to the extent of the problem. The Federal government is giving it more attention. Recent arrests in Seattle were positive developments, and so is the firm stance the U.S. has taken in negotiations with the squid fishing nations. The creation of SECOPS in Southeast Alaska has been a great help.

As many of you know, I personally investigated allegations that salmon are being "laundered" through Singapore and Bangkok, and I found that our long-held suspicions are absolutely factual.

Over the past few months I've also met individually with leaders of Pacific Rim countries - I represented and spoke for the fish. I outlined specific action they must take to help us save our resource.

— automatic position fixing and relay transmitter to be sealed on board the fishing vessels;

—observers on board an adequate percentage of their vessels;

—strengthening their current position reporting system and providing timely data to other countries;

—and participating in an international agreement to require that no imports or exports of salmon move in international trade unless accompanied by documentation showing that the fish originated in a salmon-producing nation.

And if the countries involved refuse to take the necessary actions, we are simply going to have to take action ourselves — up to and including trade sanctions.

V. Alaska-Siberia Initiative

One of the more exciting projects we're currently working on is the initiative to open America's back door with the Soviet Union

There is a good deal of activity in this area now, including a festival planned in Anchorage next week, and a joint U.S.-Soviet 1,200-mile dog sled expedition from Siberia to Kotzebue

I have been working closely with the State Department to liberalize Soviet restrictions on travel across the Bering Strait. We hope to open negotiations with the Soviets next week in Anchorage in two key areas:

—the creation of an Alaska-Soviet border commission that would establish medical cooperation between the Diomed Islands

—and allowing regular travel of Native Alaskans with cultural and family ties to Siberia

I have been working closely with our Governor's office and other interested Alaskans on this issue, and I am very happy with the successes that we have achieved.

I think you can look forward to more exciting developments in the weeks ahead.

VI. Drugs:

Finally, I want to mention a subject I've discussed here, I believe, just about every visit. And that's the recriminalization of marijuana. Last year I conducted a survey among Alaskans on their opinion about drugs.

63.9% of the respondents favored Alaska changing our marijuana law to be consistent with federal law. Drug abuse is a serious problem in Alaska. I was told recently by the Anchorage police chief who visited my Washington office that the drug situation is getting worse.

Organized crime has moved in with sophisticated weapons. It's a serious situation. Recriminalizing marijuana is not, by itself, going to solve the drug problem — but it's a step in the right direction.

I know you're looking at proposals now, as well as a possible public referendum. I urge you to continue to give the drug issue your priority attention.

VII. Close:

In closing, allow me to observe that a lot of you are like Nancy and I — we're from a generation that grew up in Alaska. Many were not born here, but we went to school, married, started our families here. Alaska is our home.

As we reflect on the future of our families and on the State of Alaska, we are struck by a somber reality that some of our children are now leaving the state. We see young Alaskans starting their families, their careers, Outside.

Unfortunately, the future in Alaska that was so exciting for us, doesn't appear to be here, now, for the next generation. That perception isn't valid, and we all know that. Ted, Don, and I, our governor, and each of you — we wouldn't have sought our jobs if we thought there wasn't a solution.

We know there are ample opportunities out there to rekindle the dream for the future for all Alaskans. I'm confident that together we are up to the challenges ahead.

HOUSE
COMMITTEE MEETING SCHEDULES
OFFICE OF THE CHIEF CLERK
465-3725

February 15, 1989

*indicates first public hearing
Published daily, contains all scheduled committee meetings

STANDING COMMITTEES

COMMUNITY & REGIONAL AFFAIRS

CAPITOL ROOM 124

FEB 16 THURSDAY 1:00 PM
*HB 139 PAYMENT FOR PURCHASES; SCHOOLS/MUNICIP.'S
*HJR 21 DISAPPROVE FBKNS. N. STAR BORO ANNEXATION

FINANCE

FINANCE ROOM 519

FEB 15 WEDNESDAY
TIME CHANGE - TEN MINUTES AFTER JOINT SESSION
CONOCO INC.: SEMINAR-CRUDE OIL OPTIONS & HEDGING
STATE ECONOMIC RECOVERY COMMITTEE PRESENTATION

FEB 16 THURSDAY 1:30 PM
HB 29 PARIMUTUEL RACING/AK RACING COMMN.
*HB 154 SUPPLEMENTAL, SPECIAL, & AMENDED APPROPS

FEB 17 FRIDAY 1:30 PM
NO MEETING SCHEDULED

HEALTH, EDUCATION & SOCIAL SERVICES

CAPITOL ROOM 106

FEB 15 WEDNESDAY 8:30 AM
TELECONFERENCE
*HB 126 ANABOLIC STEROIDS AS CONTROLLED SUBSTANCE
*HB 141 LICENSING RETAIL TOBACCO SALES
HB 80 INCREASE CIGARETTE TAX
<HELD FROM 2/9/89>

FEB 16 THURSDAY 8:30 AM
TELECONFERENCE
*HB 152 GEOGRAPHIC INFORMATION TECHNOLOGY - UAA
*HB 153 APPROP:UAA GEOGRAPHIC INF. TECH. PROGRAM
HB 89 TEACHERS RETIREMENT ELIGIBILITY
*HJR 22 REPAIR OF SCHOOLS ON MILITARY BASES

FEB 17 FRIDAY 3:30 PM BUTROVICH ROOM 205
JOINT MEETING WITH SENATE HESS:
GOVERNOR'S COUNCIL ON HANDICAPPED & GIFTED
TELECONFERENCE