Since 1916, Alaska has counted on steady growth - year after year. That tradition of strength and stability continues today.

With its rich endowment of oil and gas, fish, minerals and forests, Alaska is America's treasure chest of natural resources. Some of these resources are in the process of being developed while others have been identified but are not currently under development. Others remain undiscovered in a state that has barely scratched the surface of its resource potential.

As national and global consumption trends demand more resources, Alaska will play an important role in supplying a vital array of natural resources. And through the wise use and management of its resources, Alaska has the means to diversify its economy and generate new wealth for its citizens and the nation while meeting global market demands.

Resource exploration, extraction and processing have been at the heart of Alaska's economy since statehood. For decades, it has been recognized that the state's future lies in sound resource development.

Editor's Note: This special feature focuses on the economic value of Alaska's resources to the state's economy. This article is offered to help Alaskans and key policy makers recognize the importance of resource development to the economy and their own livelihoods.

Without resource development at least half of state's population would have to go somewhere else to live.
Message from the Executive Director

by Becky L. Gay

Producers versus consumers
Critical issues confront Alaska

For many reasons and especially because of the spill, 1989 has been a rough year for the resource sectors. As Labor Day draws closer, producers are optimistic that turning points on the summer none of us will forget.

As we look ahead, it is easy to feel overcome by what battles producers and our society are facing. Nowhere is the war more daunting than in Washington, D.C. The last summer of this decade leaves Alaska still firmly in the grip of the federal government on many issues critical to the engine which drives Alaska's economy — its resource industries.

Experts to assist in updating its "New Strategies for Advancing Alaska's Economy," RDC's...
**Resources drive economy (continued from page 5)**

of modern, innovative management practices, the output of the forest industry could more than double within five years on less than 50% of the state's yearly sustainable yield of timber.

Sources: Alaska Loggers Association, Alaska Division of Forestry, DNR Tourism The unparalleled natural beauty of the Great Land has long been one of Alaska's greatest resources, attracting hundreds of thousands of visitors to a subcontinent land where the scenery never stops. Visitor trends between 1983 and 1988 reveal a 14% annual rate of growth. Visitor volume in the summer of 1988 was 536,000, up 2% from the peak year of 1986. Resident arrivals, on the other hand, reflected economic conditions, being nearly 5% in the past three years, due entirely to the influence of the visitor industry on the Alaska passenger transportation industry.

**Economic Value**

- In 1988, Alaska's farm commodities cash receipts totaled $289 million, more than double farm cash receipts logged for 1978. Well over 600 people were directly employed in the industry in 1988.
- Alaska is considered a public-owned state, less than one percent of the land mass is in private ownership. It is on Alaska's vast public lands where most future resource development will occur, yet much of this land has been isolated as islands in a sea of parks and refuges that are the size of some states.
- Alaska is to enhance its competitive position in the world marketplace and diversify its economy, reasonable and economic access must be provided to resource deposits. Transportation systems within or across withdrawn lands, especially parks, monuments, and refuges, are a key ingredient to keeping options open and meeting the needs of an uncertain future.

Spill prevention and response plan unveiled

Oil-eating bacteria cleans beaches

**Alyeska Pipeline Service Company has unveiled what some consider as the most comprehensive plan of its kind in preventing catastrophic oil spills in Alaska's history.** The plan is called the "Tanker Spill Prevention & Response Plan" will cost the company at least $45 million a year and assure a quick response to emergencies. It's "probably the first plan in the world that addresses a big spill," said Nick Mitchell, a BP official on loan to Alyeska. "They are doing something that is totally new - we had to look at it afresh." However, Mitchell cautioned that it is not possible to guarantee response performance as called for in the plan because of a number of variables such as weather and sea conditions.

**New escort and emergency response vessels,** as well as the spill containment gear highlighted in the plan, are on hand, deployed through Alyeska's interim plan. That plan was ordered by the state following the March 24 oil spill.

The new plan specifically addresses a spill of the magnitude of the Good Friday incident in Prince William Sound. It calls for oil spill containment vessels to never be more than half-a-mile from a tanker. The vessels can tow a tanker in the event one becomes disabled. The plan involves a stockpile of Louis foam, skimmers, lightering equipment and storage vessels. Alyeska has also undertaken to supply, in advance, the five fish hatcheries in Prince William Sound with boats for their protection.

New elements included in Alyeska's plan are community response centers, the formation of a citizens advisory committee, the stockpiling of spill equipment at strategic points of the Sound and a new incident structure designed to react quickly to a spill.

**Oil eaters offer best chance**

Meanwhile, the Environmental Protection Agency has given Exxon permission to spread a fertilizer over miles of beaches in Prince William Sound to prompt naturally-occurring bacteria into an oil-eating frenzy. The fertilizer appears to offer the best chance for Prince William Sound beaches to recover relatively quickly from the spill.

The fertilizer, Inpola EAF22, shortens the time required to grow large populations of naturally-occurring microbes that feast on hydrocarbons. The hydrocarbon-eating bacteria thrives naturally in the rainforest soils of Southeast Alaska, feeding on large amounts of hydrocarbons released by conifers. The region's wet winter weather washes the hydrocarbons into the water, and coastal current carries them to Prince William Sound where they are consumed by more bacteria.

The fertilizer fortifies the bacteria present in the Sound, allowing it to reproduce and multiply. Scientists have revealed that bacterial populations on fertilized areas have exploded. What's more encouraging is that the bacteria appear to be working themselves down beneath the surface to get at oil below the gravel.

The overall result is a dramatically clean beach in a relatively short period of time, according to scientists with the EPA. However, the engineered systems should not be viewed as a miracle clean-up agent, scientists warn, since some of the most weathered oil will resist degradation.
Alaska's resource industries

Key to economic prosperity (continued from cover)

Opment. The Alaska Constitution even acknowledges that fact and sets forth a policy calling for maximum use of its land and resources.

The economic well-being of Alaska is so firmly linked to resource development and production that the livelihoods of most Alaskans, in one way or another, depend on the utilization of the state’s renewable and non-renewable resources. A recent editorial in the Anchorage Times pointed out that without resource development at least half of the state’s population would have to go somewhere else to live. And the remaining people would experience a revolutionary change in their lifestyle.

Resources generated from the development of just one resource itself, oil and gas, finances the vast majority of state government, including general operations, payrolls and services. Schools, public health care facilities, airports, highways, port facilities, fish and game programs and the state’s environmental protection programs also receive a majority of their funds from revenues derived from development and sale of the state’s petroleum resources.

Through the wise and purposeful development of Alaska’s abundant resources, Alaskans today enjoy the amenities of the 20th century. Resource development provides economic stability, individual wealth, and personal opportunity for those who choose to live in America’s last frontier. As a result, Alaskans enjoy the best of two worlds—the amenities of hi-tech generation in a bountiful land of wide-open wilderness, dazzling glaciers and blue-water fjords.

Environmental Protection

As does any activity associated with resource development, resource production must recognize the visual and physical impression on the environment during the life of the project. But environmental protection is basic to Alaska development. It is not an optional expense, but is considered a cost of doing business in Alaska.

Alaska industries are applying the latest environmental technology to their operations. As a result, Alaska’s major industries are continuing to improve their environmental records, building on past experiences here and elsewhere. In addition, stringent local, state and federal regulations have evolved to ensure that development takes place in harmony with the environment. Major development projects may require permits from as many as nine environmental agencies. Some projects may require years to secure all the necessary permits.

Extensive studies and monitoring operations are routinely initiated to determine the effects of development on natural resources. Effective mitigation measures are required by regulatory agencies charged with protecting the environment. Resource developers in Alaska recognize that the quality of the environment must be maintained. However, development must also be encouraged to aid the amenities of life and to maintain the quality of life.

Economic Value

Sources: Alaska Division of Oil and Gas, DNR

Economic Value: The ex-valuation for Alaska’s seafood industry in 1988 was $1.7 billion, of which $740 million was in salmon harvests alone. Ground fish accounted for $670 million while shrimp contributed $37 million to the tally. The ex-valuation of halibut was pegged at $75 million with herring harvests totaling $56 million.

Traditionally, Alaska’s seafood industry has been one of the state’s largest private sector employers, employing persons in manufacturing, trade, services and transportation sectors. As many as 16,700 people were employed in seafood processing during the 1988 peak season while 4,200 were employed during the off season. The average annual employment level in seafood processing in 1988 was 7,800. Of those employed in seafood processing, 46.5% were non-residents.

Over 8,550 Alaskans were directly employed by the oil industry in 1988.

Earnings of the Permanent Fund during the 1988 peak season were $396 million, a 52% increase over 1987. Earnings from the Permanent Fund in 1988 were $315 million, a 9% increase over 1987. The ex-valuation for Alaska’s oil and gas industry in 1988 was $3 billion, of which $2.5 billion was in the ex-valuation of North Slope production.

North Slope production is now valuable to the state’s economy not only as a source of royalties, but also as a source of tax assessments and as a source of state government expenditures. As the state government’s total income and expenses rise, the state government’s total income and expenses rise, the Alaska Department of Labor and Juneau, District of Alaska.

Economic Value: The Alaska forest industry in 1988 was a $474 million business, employing about 4,200 people directly and 5,500 indirectly. Direct timber industry payroll in 1988 exceeded $10 million, while 2,200 people were employed in Alaska’s wood products potential. Alaskan timber is an important source of Alaska’s wood products potential, one could say that Alaska’s timber industry is a sleeping giant. With proper investment and application

Forestry

Alaska is a world-class timber resource. America’s most northern state holds one of the world’s largest and most productive timber resources on the Pacific Rim. In fact, some 16% of the forested lands in the United States are located in Alaska. This enormous area passes more than 28 million acres of potentially economically-productive woodlands offering a net volume stock of 49.4 billion cubic feet.

As world consumption trends demand more forest products, Alaska will play an important role in supplying those products. With its ice-free ports and protected waters, Alaska can provide a competitive location for the export of forest products.

Economic Value: The Alaska forest industry in 1988 was a $474 million business, employing about 4,200 people directly and 5,500 indirectly. Direct timber industry payroll in 1988 exceeded $10 million, while 2,200 people were employed in Alaska’s wood products potential. One could say that Alaska’s timber industry is a sleeping giant. With proper investment and application.