When it comes to performance, everyone strives to be a winner. That’s why you go with quality fuels from Tesoro Alaska.

Tesoro fuels are refined in Alaska, by Alaskans to meet Alaska’s unique challenges. So reach for the top – and Tesoro Alaska.

Prospects bright for Alaska’s major export industries

By Greg Wolf
Director, Alaska Division of Trade and Development

As the New Year gets underway, prospects appear bright for Alaska’s major export industries, an increasingly important sector of the state’s overall economy. This positive prognosis is based primarily on the strong economic recovery occurring in Asia, the market for nearly 60% of Alaska’s resource exports.

The increase in industrial output by these countries is also having the effect of driving up prices of many of the commodities that Alaska exports to the region. Rising demand from these key markets and higher commodity prices bodes well for Alaska exporters.

For the first 10 months of 1999, overall exports from Alaska to the world increased by over 20% compared with the same period of the previous year. Exports to Alaska’s two largest trading partners, Japan and Korea, rose sharply, up 55% and 49% respectively. As these two countries alone account for 72% of the state’s total exports, the recovery in these markets is a very positive development. Overall, for the full year 1999, the Division of Trade and Development (DTD) is forecasting total exports to reach approximately $2.5 billion, just below the pre-Asian economic crisis level of 1997.

(Continued to page 4)

Forest Service gets bundles of post cards on roadless policy

The U.S. Forest Service has reportedly received more than 150,000 pre-printed post cards from throughout the U.S. demanding that the Tongass and Chugach national forests be included in President Clinton’s proposed roadless policy.

The 150,000 count represents just the post cards and emails environmental groups collected from their members nationwide during a public comment period ending December 20. A substantial number of other comments were received by the Forest Service, but the agency’s official count will not be compiled until late February.

“How many of those who signed these cards and emails were informed that 98 percent of the Tongass roadless areas are already protected,” asked Jack Phelps, Executive Director of the Alaska Forest Association.

Most of the non-roaded areas of the Tongass and Chugach are already under some form of protection, ranging from federal Wilderness to designations such as “remote recreation” and Wild and Scenic Rivers.

The Forest Service will use public comments to prepare a draft environmental impact statement which will analyze several different alternatives for the roadless proposal. The draft EIS is expected to be released by spring.

(Continued to page 5)
Steer clear of regulatory pitfalls

With a new year at hand, it is a unique time to do an assessment of some of the regulatory challenges facing Alaska exports.

A significant role of RDC's focus is to promote or many times oppose availability of commodities to export. The hurdles facing Alaska exports, time and again we are led back to policy and regulatory decisions that hamper the development of our resources, which in turn hampers the availability of commodities to export.

Uncertainty and a lack of predictability with regard to regulations is also a major barrier to long-term investment or long-term sustainable supplies of commodities.

As noted in the cover story,

Prospects for our export sector look good, but we need to be mindful of the regulatory hurdles at all levels of government. Though local governments may at times be supportive of economic development, there are some problems at the local level and some at the state level, but the primary source of Alaska's regulatory woes can be found in the federal arena.

One issue that RDC has closely tracked over the last year is the potential listing of the Cook Inlet Beluga whale as an endangered species. The implications of such a listing are dramatic, considering the amount of goods and raw materials that flow in and out of the Cook Inlet. We should all be very concerned about the negative economic effects the State of Alaska, particularly the Southcentral area, will experience if such a listing is not averted under either the Marine Mammals Protection Act or especially the Endangered Species Act.

It is problematic that although community and resource development activities in Cook Inlet do not play a part in the decline of the Beluga, they could be significantly hampered by the regulatory burdens imposed by a listing.

Under either type of listing, third party lawsuits remain a real concern, and potential regulatory decisions could cause delays in shipping or require change in schedule.

If a listing moves forward, all types of activity in and around Cook Inlet could be at risk, including oil and gas, timber and mining. Port MacKenzie and the related dredging and vessel traffic will also be a target for those interests using an "endangered" listing to stop projects they don't like. If Cook Inlet is selected as a terminus for an LNG project, the hand-writing is on the wall as well.

All of this taken together will have a direct and indirect impact on any Alaska exports that will travel out of Cook Inlet. Unfortunately, this may only be the tip of the proverbial iceberg.

And there are other major challenges facing our export potential, including the President's proposed policy to ban new road construction in roadless areas of our national forests.

At the state level, the Department of Environmental Conservation has been locked in a heated battle with the legislature over the agency's budget.

Once again, regardless of one's political opinion, the results of this debate will affect development in the state - ADEC permits certifications are essential for many ongoing and new development activities throughout the state.

Due to last year's unallocated cut in ADEC's general fund appropriation, the agency may lose primacy of the state's water program to the Environmental Protection Agency. Currently ADEC is just finishing up a stakeholder group process to determine what services in the water program deserve priority.

It is unclear at this time whether the state will continue to provide 401 certifications under the Clean Water Act or 404 dredge fill permits in conjunction with the Army Corps of Engineers. Without state certification, site-specific criteria, mining zones and zones of deposit will be lost.

Another regulatory issue at the state level is the Division of Government Communication. The Coastal Zone Management Program has been an important part of state development activities not only throughout the state's coastal areas, but also in all areas that affect coastal Alaska. Once again, Anadromous streams expand the jurisdiction of this program immensely. DGC has just begun the roadless area planning process, but public involvement has not yet been defined.

(Continued to page 3)
Lethal injection

Executing our right to use federal lands

By Louise Dawson

Editor's Note: This article covers the U.S. National Forest Management Planning process, as exemplified in the White River National Forest, Colorado. It was originally published in Couloir Magazine, December, 1999 and is reprinted here with permission from the author, Louise Dawson, who is primarily a muscle-powered recreator. He believes a human philosophy underlies the proposed management plan for the White River. Dawson says that "in time, this philosophy will adversely affect every sort of recreation, motor or muscle powered." While much of what Dawson is writing about is specific to the White River, he notes that other national forest, including the Chugach, are in the planning process, and the Clinton Roadless Initiative has the potential to severely curtail public access for recreation and resource development. While some readers may find his opinion highly critical of the Forest Service, he is not attempting to offend the Forest Service or others with different views.

Divide, conquer and kill. If radical environmentalists in central Colorado are not separately counted, they should be. The Forest Service here just released Proposed Revised Forest Management Plan D for White River National Forest. By taking a major departure from present management style, the Plan views recreation as a desired but not regulated, restricted. Machine or muscle powered user, our land is being jerked out from under us like the proverbial rug.

Up front, the proposed Forest Plan appears to limit roads and motorized recreation, while letting most muscle powered recreation continue as-is. That's somewhat true. For now. It appears the Forest planners look great pains not to offend vocal "moral high-ground" groups such as the twenty-one hikers and backcountry skiers. If you read the plan with care, you'll get a chuckle out of the obvious placation bones thrown to these groups (of which I'm a member). But in evaluating the Plan you have to look twice. You must look at the details of the plan documents — and you must look at underlying philosophy that will drive thousands of management decisions through the next 15 plus years to the day after tomorrow. Ask a total outdoorsman I've done both those things, and I'm alarmed.

The proposed plan is based on a form of management known as "closed unless posted open," which means that any recreation, including hiking, is done by permission from the federal government. What's more, the underlying philosophy of the Plan is tilted towards managing for "biodiversity." That sounds good, until you realize that "biodiversity" can mean different things to different people. The Forest Service definition of the term appears slanted towards the radical environmentalist side: the view that recreation and biodiversity are, in most cases, mutually exclusive — that humans are a scourge on the land.

Each National Forest in the United States is required by law to periodically revise its management plan. These massive documents define use for every square inch of federal land within Forest boundaries. The first step in revision is a massive gathering of data, much of this being biased subjective and influenced by biased observation, bogus assumptions, and the latest political trends.

Example: Plan documents state that "cross-country skiers...are incompatible with motorized areas outdoors of Wilderness." Winter access in Wilderness is minimal because of avalanche danger. That's flat wrong. Many skiers enter legal Wilderness boundaries in the White River Forest. Indeed, one of the most post popular backcountry ski areas in Wilderness behind Snowmass Ski groom. What's more, the huge Flat Top Wilderness lives up to its name and includes plentiful cross-country ski areas just hours from availability. Much of our other Wilderness, though somewhat steep and rugged, also has terrain with little or no avalanche danger.

If backcountry skiers such as myself need more terrain without envelopes, the logical solution is to snow plow or build a few more roads and trailheads that access Wilderness. It's open in winter and we will automatically have all the non-motorized terrain we could ever ask for. All the White River Forest is 13 legal wilderness!

The new Plan, with an anti-human bent predicated on false assumptions, seeks to concentrate everyone in small areas near existing trailheads such as Vail Pass. Example: "...about 10 miles of travel..." that "Plan D doesn't restrict hiking." What they don't tell you is "for now." And all this assumes trails exist.

Amazingly, there is even talk of closing "several mountain trails and obliterating them through removal of all rock, rock tail after trail has been slated for closure. Why the closures? There is only one answer: in view of the Plan's underlying philosophy, mountain bicycling is destroying biodiversity and must be curtailed.

With such false data and dubious assumptions to work with, the fed's next step is the public scoping process, wherein those who can spend the most money and time to gather thousands of "false" data can "concentrate everyone in small areas near existing trailheads such as Vail Pass."

The need for a responsible long-range fiscal plan is one of RDC's top priorities in 2000, as well as equitable and stable tax and royalty policies which stimulate job growth, capital investment and economic development. Further efforts to privatize state government services is also an area of interest.

(Continued from page 2)

All of these regulatory burdens could have significant direct and indirect impacts to the future of exports. Obviously there are others I did not address here, but I wanted to highlight some of the major burdens that may have an impact on Alaska's economy.

There is still a great deal of activity in all resource sectors, and our future mining industry and production is expected to increase. Tourism continues to grow and fishing is still a huge component of our economy. In timber we welcome Gateway Forest Products and its efforts to expand a value-added forest products industry. We are on sound footing, but Alaska needs to steer clear of these regulatory pitfalls if it is to harness its full potential.
Trade’s impact on economy to grow

(Continued from page 1)

It is appropriate as we start the New Year to reflect on the importance of international trade to the state’s economic well-being. Too often, when considering the importance of a particular industry to the state’s economy, the role of exports is overlooked. With only a small local market for resources and a larger, but limited market in the Lower 48, it is the overseas markets that enable Alaska’s resource industries to make such an important contribution to the state’s economy in terms of revenues and jobs.

A few examples illustrate this point: the only Alaska coal currently exported outside the state is that purchased by KEPCO, a major utility company in Korea. The only LNG exported from Alaska is shipped to Japan to power electrical utilities in that country. In the case of seafood, Alaska’s largest export resource, it is estimated that approximately 40% of Alaska’s annual seafood production is exported to foreign markets, primarily to Japan.

As previously mentioned, exports play an important role in the state’s economy. Just how important? There are several ways to answer this question. First, by measuring the amount of export revenue generated by the state. Using this method, Alaska ranks among all states. Another way is to consider exports as a percentage of the state’s gross state product (GSP). The GSP represents the sum total of all goods and services produced in a given year. Using this measurement, Alaska ranks seventh among all states.

And finally, consider the rate of growth. A recent study by the U.S. Census Bureau revealed that Alaska ranks number one in the nation for growth in the number of exporting companies. According to the study, between 1992 and 1997, the number of companies engaged in export grew by more than 200%.

Two other pieces of information shed light on trade’s role and importance. According to the U.S. Small Business Administration, 97% of all U.S. companies engaged in export grew by more than 200%.

Forest Service compiling Chugach alternatives

The Chugach National Forest is drawing up a final range of alternatives for managing the 5.3 million-acre forest and is expected to soon release a preferred alternative.

Forest planners have cut nearly three dozen options down to six alternatives, ranging from minimal intrusion to more hands-on management. A seventh choice is for the status quo. Two alternatives provide some level of development.

Forest Supervisor Dave Gibbons approved the range of alternatives on December 21. In February, Gibbons will choose a preferred alternative and release the package to the public for comment. Gibbons says he will try to strike a balance in the preferred alternative to satisfy as many interests as possible.

RDC, as well as other public interest organizations—both non-development and pro-development—have been participating in a long series of Forest Service meetings on the management plan revision process for the forest. In those meetings, Forest Service planning team members have covered six main topics, including fish and wildlife, recreation, tourism, subsistence, hunting and fishing, and resource development.

RDC continues to closely track the issue and will forward recommendations to its membership once the final range of alternatives are released.

A final updated management plan is expected to be completed by the end of the year.

Governor responds to proposed roadless policy

(Continued from page 1)

when there will be a second round of public comment. The President is expected to issue a final policy establishing new roadless areas by the time he leaves office.

Both RDC and the Alaska Forest Association have written the Forest Service, pointing out that the Tongass and Chugach National Forests are roadless because of their peculiar circumstances.

The Tongass has just gone through an extensive 11-year plan revision process which cost the American taxpayer $13 million. The plan withdrew more than half of the land previously available for timber harvest on the Tongass, leaving such a small amount of acreage available for timber harvest that a further decline in timber jobs in the region is a virtual certainty. A gathering of Southeast Alaska mayors in Sitka last September, Undersecretary Jim Lyons stated that the 1999 Record of Decision for the Tongass was the final action of the Clinton administration with respect to Tongass roadless areas. Four weeks later the President announced the roadless initiative, which if applied to the Tongass, would obviate the land allocations arrived at in the revised Tongass plan.

Governor Tony Knowles, in comments to the Forest Service, said “It is not acceptable for the federal government to supersede the exhaust TNLMP draft Land Management Plan (TLM) process with a federal initiative out of Washington, D.C., that completely disregards the unique character of the Tongass National Forest and the Forest Service’s responsibility for the area.”

Knowles pointed out that roadless areas were carefully considered in the TLMMP, and another review is not appropriate.

Knowles also told the Forest Service that it is not appropriate for the federal government to supersede an ongoing planning process on the Chugach National Forest.

The Governor insisted that Alaskans are “playing by the rules when it comes to forest management.” He pointed out that Southeast Alaskans have worked hard in pursuit of a balanced Tongass roadless policy based on sound science and public process.

“We are committed to prudent forest management and have a solid track record of working through the federal forest planning process,” Knowles added. “When Alaskans play by the rules we expect the federal government to also play by their own rules and respect the forest planning process.”

A major management plan revision process has been underway in the Chugach for two years now and it is expected to be completed by the end of the year. As with the Tongass, including the Chugach in the roadless policy would make a sham of the Forest Service planning process.

The Western Governors Association recently passed a resolution urging the Forest Service to exclude from the proposed roadless initiative any forest with a recently completed forest plan or a forest plan which is projected to be completed by the end of 2000.

February 2000 / RESOURCE REVIEW / Page 5