Tesoro Alaska’s low sulfur fuel is an idea that’s ahead of its time. But that shouldn’t surprise you, because at Tesoro Alaska we’re always thinking ahead. Pushing the envelope. Our refinery on the Kenai Peninsula is constantly producing quality products that are naturally clean. Low sulfur fuel is a prime example. Tesoro Alaska’s low sulfur fuel already exceeds all federally mandated environmental standards for the year 2006. So you can breathe easier knowing that we’re doing our part to keep the air cleaner in Alaska—today and tomorrow.

The Resource Development Council and the Alaska Oil and Gas Association, as well as the Municipality of Anchorage, the Kenai Peninsula Borough and the Matanuska-Susitna Borough, have been granted intervention status in a lawsuit environmentalists have filed to overturn a decision by the National Marine Fisheries Service (NMFS) not to list the Cook Inlet beluga whales for special protection under the Endangered Species List.

“The federal judge’s decision to grant intervention gives us the opportunity to support NMFS and add value to its defense,” said RDC Executive Committee member Marilyn Crockett. “This is a good start to the new year in a lawsuit that holds serious ramifications for Southcentral Alaska’s economy.”

Environmentalists are pressing to get the beluga listed under the Endangered Species Act. After numerous studies and deliberations, NMFS decided last year to list the whales as depleted under the Marine Mammal Protection Act.

Until recently, beluga whale populations have steadily declined in Cook Inlet over the past decade. Federal biologists attributed the decline to over-hunting by Alaska Natives. The agency insists that the Marine Mammal Protection Act gives it the tools necessary to strictly regulate Native hunting and bring about a recovery in the whale’s population.

Environmentalists claim other activities in Cook Inlet, ranging from shipping to commercial fishing and oil and gas operations, must have played a role in the population decline and could impede recovery. However, extensive studies do not support their claims as the Cook Inlet whales have been found to be among the cleanest in the world as far as toxins and other pollution are concerned.

Federal biologists have been meeting with Native groups to finalize a co-management agreement on future harvests. A permanent moratorium is now in place on hunting until the co-management agreement is hammered out.

Meanwhile, the 2000 annual survey shows a continuing rebound in the whale’s population for the third consecutive year. The June survey came up with approximately 435 whales, the largest count since 1997 and a sharp spike over the 357 counted in 1999. While biologists are confident the sharp population decline has stopped, they believe beluga numbers have remained relatively steady over the past several years.

A key change in counting methods and statistical calculations several years ago greatly reduced beluga numbers on paper, bringing the issue to the forefront and prompting the lawsuit by environmentalists.

The case is being heard in U.S. District Court in Washington, D.C., where environmentalists will be filing opening briefs in mid-February. The Justice Department and intervenors will file responses to those briefs in mid-March.

Beluga population surveys are conducted in June of each year. The 2000 survey counted 435 whales, compared to 357 in 1999.
Alaska exports continue to grow

By Greg Wolf
Director
Alaska Division of International Trade & Market Development

In 2000 Alaska's export industries continued to benefit from the ongoing economic recovery in Asia, the market for nearly 80% of Alaska's resource exports. Following on the heels of a 31% percent increase in 1999, Alaska exports have remained strong. For the full year 2000, the Division of International Trade and Market Development (ITMD) is forecasting total exports to reach $2.6 billion, a level on par with the previous year.

For the first nine months of 2000, overall exports from Alaska to the world grew by 2.6% compared with the same period of the previous year. Exports to Japan, Alaska's largest trading partner, grew by just under 2%. Shipments to Korea and Canada, the state's number two and three markets, rose 13.5% and 20.6% respectively. Seafood remained Alaska's largest export commodity followed by energy (oil, gas and coal) and minerals.

Looking ahead to 2001, with what is anticipated on the demand side of the equation we would expect exports at a similar level as 2000. However, there are a number of overhanging issues that may have a significant impact on the state's export performance. Perhaps the biggest question mark is whether or not North Slope oil producers will export to customers in Asia. BP, which in past years has been the major Alaska oil exporter, announced recently that it plans to ship its production to the West Coast refineries it acquired as a result of the merger with ARCO.

Oil is the state's second largest export commodity. For the full year 1999, petroleum exports were approximately $500 million. If North Slope producers choose not to export or if they ship in smaller quantities than in previous years, Alaska's export numbers will drop precipitously.

Seafood, Alaska's largest export commodity, also faces supply issues that may have an impact on the state's export numbers. The state Department of Fish and Game is forecasting this year's Bristol Bay sockeye runs to be considerably lower than last year. The Department's 2001 forecast calls for 24 million sockeyes versus the 27 million sockeyes that returned a year ago. Also, the National Marine Fisheries Service ruling to protect stellar sea lions could have a major impact on the fisheries. Affected species include Pollock, Cod and Atka Mackeral.

On the demand side, it remains to be seen whether or not the recent economic recovery in Asia will continue. Some analysts have expressed concern that countries in the region have not proceeded with the structural reforms necessary to underpin a return to the steady growth patterns that characterized the region for the past several decades. Also, there are worries that a cooling down of the American economy will reduce industrial output in major exporting countries that are important markets for Alaska's resources.

The start of the New Year is an appropriate time to reflect on the increasingly important role that International trade plays in the state's overall 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 and a larger, but limited market (Continued to page 5)