What Is The Difference Between Deforestation And Timber Harvesting?

We know deforestation is sometimes confused with timber harvesting. But actually, they are two very different things. Deforestation is a two step process that involves not just removing trees, but ensuring trees do not grow back once they have been removed. For example, land that has been cleared of trees to make way for human settlement or agricultural use is an illustration of deforestation. Timber harvesting is also a two step process that begins by removing the trees, but differs from deforestation by ensuring that trees do grow back through continued cultivation until the forest is ready for the next harvest. This process ensures that forests and forest products will always be available for future generations.
three members of the Federal Energy Regulatory Commission (FERC). The visit was a first for two of the Commissioners, Curt Hebert and Linda Breathitt, who were accompanied by Chairman James Hoecker. FERC oversees America’s natural gas industry.

The FERC delegation came to Alaska upon request by Senator Frank Murkowski to see the pipeline and a number of hydroelectric sites first hand. Murkowski sponsored legislation which recently passed the Senate that would exempt five-megawatt hydroelectric projects from federal licensing requirements, turning regulation of those projects over to state jurisdiction. The Commissioners toured Prudhoe Bay and Alyeska’s Pump Station One, as well as a potential hydroelectric site near Gustavus, a small town outside Juneau. The FERC delegation also inspected other potential and established hydro sites in Southeast.

FERC is always proud to bring delegates and officials from Washington D.C. to visit Alaska to see the beauty of our state, the richness of our resources and the unique circumstances Alaska faces in regard to federal regulatory issues.

Standing before a hydroelectric site near Ketchikan are John Megyar, General Manager of Ketchikan Public Utilities, FERC Commissioners Linda Breathitt and Curt Hebert, FERC Chairman James Hoecker and Doug Campbell, CEO, Cape Fox Corporation. (Photo by Carl Porman)

ARCO’s Thompson outlines impacts of Asian crisis on oil

Financial markets are now adjusting to slow or no growth in Asia. While Asian currency devaluations have driven down the cost of Asian imports, U.S. exports are being squeezed out of Asian markets because they are not affordable. The U.S. trade deficit is now at a ten-year high. Thompson said the drop in exports could cost a million American jobs next year. Even though most of the oil Alaska produces is sent to domestic markets, the Asian flu has impacted the state’s oil industry in a big way. Thompson explained the Asian recession has had a significant impact on oil prices because Asian demand, driven by steady growth throughout the region, represented such a large share of expected incremental oil demand over the next several years. Asian LNG prices have also fallen as many contracts are pegged to oil prices.

"Demand for oil and gas in Asia isn't growing at the pace we expected and in many parts demand is declining," Thompson noted. "The result is a worldwide oil market that is over-supplied. This is a key factor contributing to lower oil prices worldwide and to lower West Texas Intermediate oil prices."

"We've got staying power because of the big reductions made in North Slope operating, maintenance and development costs since 1994, thanks to the innovative ideas of our employees, partners, contractors and suppliers." With low oil prices having a big impact on the revenue side of the state budget, Thompson said Alaskans are budget, Thompson said Alaskans are

"designer" wells on the North Slop that access multiple oil accumulations at different depths and multilateral wells that drain more than one area of oil-bearing reservoir rock from a single surface penetration. These technologies have significantly reduced the surface impacts of drilling.

BP notes that the cost of finding new oil on the North Slope has been consistently less than its target of $1 per barrel. North Slope exploration wells have recorded a 1-in-2 success rate over the past five years, accessing average reserves of 24 million barrels.

"A Coal Classic" Golfing for resource education

Asian flu hits Alaska's basic industries

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is likely to affect Alaska and its key industries. A common point made by each speaker is the need for Alaska industries to diversify their markets, lower production costs and operate more efficiently.

Ted Yates, Director of Market Research for Cominco Ltd., reported the Asian crisis has had a strong negative impact on base and precious metal prices. Yates said the base markets have not yet been reached in the price slide, but expect a recovery in two years.

In fishing, ground fish stocks in the Bering Sea and the North Pacific are healthy, but the downturn in Asian markets has resulted in lower demand and depressed prices, according to Alec Brindle, President of Alyeska Seafoods and Ward Cove Packing Company.

"Not much can be done in the near term except for tightening our belts," said Brindle. "In the long term, we need to expand access to new markets and develop new product forms."

In 1997, Alaska ranked in the top ten globally in seafood exports, Brindle noted.

In the timber industry, production costs are difficult to cut because of the isolated location of the resource, but the state does have an advantage in shipping costs, explained Jim Thiemens, Vice President of Operations for Koncor Forest Products.

While demand for Alaska timber has fallen, inventory of wood products in the lumber yards of large Asian customers is also down, Thiemens said.

The economic downturn in Asia has underscored the need for Alaska's fishing industry to expand access to new markets, says Alec Brindle.

His company has cut production by 67 percent this year in response to the economic climate in Asia. Thiemens explained that 95 percent of Alaska's timber is sent abroad with Japan accounting for 65 to 75 percent of foreign demand.

Japan is now in the midst of a full-blown recession. The economy there has stagnated and contracted. China and Taiwan have been holding their own, but Thailand, Korea and Indonesia have sustained hard hits. The economic crisis was sudden and unexpected.

"When the Japanese economy slowed in 1997, so did the economies of neighboring countries, which depend on Japan as a key market for their exported goods," explained ARCO's Thompson. "Suddenly, factories across Asia were building cars and televisions for consumers who were no longer interested." At strong companies, profits fell and loans went unpaid at highly-leveraged firms. Currency was devalued across Asia and stock prices plummeted — down nearly 90 percent in Indonesia and 70 percent in Korea.

The Japanese Yen is down 15 percent. The Indonesian Rupiah is down 85 percent and the Korean Won and Thai Baht are down about 40 percent. In the near term, currency devaluations of this magnitude are making it much more expensive for Asian consumers to purchase anything that must be paid for in dollars. This will reduce imports by these nations and hurt export industries in Alaska.

At the same time, these currency devaluations will make Asian exports and Asian companies a lot more competitive in the global economy. "Asian financial markets may stabilize soon," Thompson said. "That is the good news, but the fallout will continue for years — that is the bad news."

"Thompson noted the situation in Asia today is much like it was in Alaska in 1986 when a super-heated, oil-fueled economy sustained a $20 per barrel price crash.

"State and local governments took immediate action, as well as the oil industry," Thompson pointed out. "But it took two or three years for the effects of the price crash to ripple through the rest of the economy; for real estate prices to hit rock bottom, for businesses to fail, for banks to fold, and for the rest of us to adjust to a new, low oil price world."

In Asia, this painful process is just beginning, Thompson said. He assured the RDC audience that economic recovery will come to Asia, but it won't be as easy as capital is in short supply. With the exception of Japan, interest rates are high — almost 70 percent in Russia and 30 percent in South Korea.

So far the impacts in the U.S. have been better than originally anticipated. Billions of dollars that bled out of struggling Asian economies were reinvested in America, driving up the value of some domestic equities. However, recent declines in the Dow Jones indicate U.S. economic shakeout now occurring in Asia.

"To survive these tough times and thrive when times are better, we must be low-cost producers and we must deliver the quality products that Asian consumers to purchase anything that must be paid for in dollars. This will reduce imports by these nations and hurt export industries in Alaska.

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BP includes local suggestions into Northstar's design.

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“...by early 1999 is critical to Local Government.

July 1998

RESOURCE REVIEW

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