Unique and Diverse

Cook Inlet Region, Inc. represents more than just one element of Alaska's Native heritage. Our shareholders are a unique and diverse mix of Eskimos, Aleuts and Indians from every region of Alaska.

CIRI's role in the resource development community is equally unique and diverse. With extensive surface and subsurface lands in the Cook Inlet area, we are developing gravel, timber oil and gas, coal and hard rock minerals. With the right partnerships and careful planning, our natural resources will be developed in harmony with the environment.

We are committed to preserving our cultural uniqueness and diversity while prudently pursuing development of our resources.

Alaska’s last pulp mill set to close

New accord may save sawmills

Given the Clinton administration's refusal to restore the original terms of Ketchikan Pulp Company's (KPC) timber supply contract, Alaska's remaining pulp mill will close next March. However, based on a last minute compromise between the White House and Senator Frank Murkowski, KPC will enter into immediate negotiations with the Department of Agriculture to determine the feasibility of continuing to run its two sawmills in Southeast Alaska for two more years.

Mark A. Suwyn, Chairman and CEO of Louisiana-Pacific Corporation, said the decision to close the pulp mill was forced on the company by the federal government's unwillingness to restore critical and essential terms of KPC's original long-term timber supply contract. Wholesale changes to the contract were unilaterally imposed by the U.S. Forest Service following passage of the Tongass Timber Reform Act (TTRA) in 1990, and resulted first in diminished profitability followed more recently by progressively larger operating losses at KPC.

President Clinton had said that he would veto legislation drafted by Murkowski and Congressman Don Young that sought to correct the inequities of the 1990 TTRA and the Forest Service's administration of the contract.

(Continued to page 4)
Oil and gas OCS lease sales consistent with Alaska Task Force recommendations

The Minerals Management Service (MMS) released its proposed Final Program for Offshore Oil and Gas Leasing for 1997-2002. Beginning August 1996, there is a 60-day review by Congress and the President, after which the Secretary of Interior can approve a final program.

All of the scheduled Alaska sales are consistent with the Alaska Regional Stakeholders Task Force recommendations. The Task Force was established by the Secretary of Interior in response to an OCS Policy Committee recommendation. Members include representatives of Federal, State and local governments; Native, commercial fishing, subsistence users; environmental interests (with Greenpeace allowed a minority representation); industry and industrial communities; and coastal districts in Alaska.

According to MMS, the outer continental shelf (OCS) accounts for about one-fourth of U.S. natural gas production and one sixth of oil production. The OCS is believed to hold one-half of the undiscovered, conventionally recoverable oil and gas resources estimated to remain in this country.

Nevertheless, only five of fifteen planning areas in Alaska made the 5-year lease sale schedule. Eleven sale are scheduled for the Gulf of Mexico. Areas may be added from consideration, but new areas cannot be added to the schedule once it is finalized.

The Proposed Final Program for Alaska for 1997-2002 includes lease offerings in the following five areas: the Beaufort Sea in 1998 and 2000 (first a small sale limited to near shore from east of Colville River to west of Barter Island and then a limited number of blocks adjoining near shore waters east of Barter Island); Cook Inlet in 1999 (excludes areas near Kamishak and Kachemak Bays, the Barren Islands and Shilshole Strait); Gulf of Alaska in 2001 and Chukchi Sea and Hope Basin in 2002, (excludes near shore Chukchi Polynya and most of northern Hope Basin.)

The Task Force considered including the notably-disputed North Aleutian sale, then took off the list recognizing its continued unsettled status.

Just because the program describes when and where MMS will consider holding lease sales in the future does not mean a sale will automatically occur. Sites will be considered for possible lease sale only after continued consultation with the state and local governments, area communities and industry, and only after the preparation of a draft and final Environmental Impact Statement (EIS).

A document entitled "Sustainable Energy Strategy," guides the Clinton Administration's energy policy. This national energy plan has three strategic goals: 1. Maximize energy productivity to strengthen the economy and improve living standards; 2. Prevent pollution to reduce the adverse environmental impacts associated with energy production, delivery, and use; and 3. Keep America energy independent and vulnerably to global energy market shocks.

MMS's own investigation of energy alternatives and market responses to curtailment of OCS leasing indicated that 86% loss of oil production and 34% reduced gas production would be replaced by oil imports.

It is hard to get the public excited about news of the next five year off-shore program. Maybe it is because there is no production from any federal OCS lease offshore Alaska to date. Or maybe it is because most Alaskans would prefer a vigorous on-shore Federal leasing program, like safely on the coastal plain of ANWR. Instead, the Clinton Administration prefers to support off-shore America. Let us hope the oil industry is equally interested when it comes time to bid. (Becky Gay is a member of the Alaska Regional Stakeholders Task Force.)

Heritage tourism here to stay

The visit earlier this year of Deputy Secretary of the Interior John Garamendi to the "last of the lands and the first" was a breath of fresh air real Alaskans who have watched with clenched teeth the past 15 years as federal administrators regulated local land owners and discouraged park visitors seeking access and circulation to their Alaska park and refuge lands established in 1980.

Our thanks to Mr. Garamendi and his partnership vision for the future of Alaska! The U.S. Department of the Interior administers the National Park Service, U.S. Fish and Wildlife Service, Bureau of Land Management, U.S. Geological Survey and several other "resource-oriented" agencies, none of which have traditionally viewed themselves as players in the tourism industry. Attitudes change slowly!

The U.S. Department of the Interior official has pledged to make federal agencies more "user-friendly" and to encourage partnerships between public and private sectors, that triad of mutual benefits demonstrate willingness to do what is needed to strengthen the economy and improve living standards.

RDC recognizes and supports the vital role that state, local and private, that triad of mutual partners which built the Trans-Alaska Pipeline and other significant projects. So can't they link up for tourism development?

It is no more coincidence that thematic tour elements of the Heritage Tourism industry involve scenery, wildlife, geology, history and culture, with some unique outdoor recreation and interpretive experiences. This menu did not emerge from federal agency operations, but from state and private industry which has marketed and promoted Alaska's Great Land themes, worldwide, since 1975.

The beauty of these themes is that they complement intrinsic values that visitors are most important natural experiences and the potential for private sector involvement in marketing communications.

Government needs a new resource management strategy which places people and not "things" into the central equation! Resource agencies forget that visitors are most important natural and cultural resources! People are seen as problems in national parks and wilderness areas. With good resource education programs supported by private industry, customers will come to better understand both tangible and intangible values. In Alaska, the heritage tourism industry is one of the few resource industries that has been able to develop and maintain relationships with local communities and emerging tourism industry. It is our hope that the heritage tourism industry will be the leading edge of tourism development.

Successful partnerships in the future will involve "things" or destinations so much as they will involve people's positive memories and multiple experiences use options. In Alaska, the destination is not as important as the experiences visitors enjoy along the way. Heritage tourism partnerships centered around the beauty and this market truth will have tremendous success! (Don Follows is a tourism consultant and 1970's ALNCS Chairman. In the 1970's, he helped define ALNCA.)
RDC's November conference to focus on Alaska's ability to attract investment capital

Mark calendar for November 21-22

RDC seeks for new TLMP revision

Because of serious flaws in the Tongass Land Management Plan (TLMP) revision, RDC has joined the Alaska Forest Association and other organizations throughout Alaska in asking the Forest Service to rewrite the controversial plan.

In comments to the federal agency in August, RDC asked the Forest Service to withdraw the revised TLMP, correct the miscalculations in its timber harvest assessment and issue a new revision for public comment. Inaccuracies in the timber harvest numbers have made it difficult for RDC, other organizations and individuals to comment knowledgeably on the plan.

RDC has asked the Forest Service to rescind the August 8, 1995 decision to adopt the revised plan and to issue a new绒ision for public comment. The TLMP revision is the subject of new proceedings as the U.S. District Court and the Ninth Circuit hear challenge to the revised plan.

Murkowski's bill seeks needed clarifications to ANILCA

As usual there is no shortage of critical issues facing Alaska's basic industries these days. There are many Outsiders who wish to stop Alaska's economy in its tracks or wish to restrict access to Alaska's land base. We need to work together as Alaskans to overcome these formidable challenges.

One of the more pressing current issues facing Alaska is ANILCA and some of the unreasonable restrictions that piece of legislation has placed on Alaskans. Senator Murkowski is working on legislation to address some of the problems caused by ANILCA.

Problems have developed since the passage of the Act because well-intentioned federal managers are forced to make difficult decisions interpreting broad or ambiguous language. Murkowski's proposal seeks to clarify parts of the Act to guarantee the original intent of Congress.

When ANILCA was passed, there were assurances made in the bill, through what is commonly known as the "no more" clause, that there would be no additional land withdrawn into restricted classifications. The Clinton administration has shown that it does not intend to honor that part of the law, as evidenced by its attempt to create more big "W" Wilderness in ANWR.

Senator Murkowski's proposal includes a provision to address this problem. Access is another problem. There are many ways that ANILCA limits or completely eliminates access by Alaskans to traditional hunting grounds, fishing resources and other areas.

Access is so difficult in Alaska, large tracts of land can be placed completely off limits by not allowing access by boats, airplanes or snowmachines. By closing one stretch of river, federal land managers can cut off hunting for entire regions or no more. Another big problem lies in Title XI access provisions. Title XI applies to transportation and utility systems in and across National Forests.

Another problem is that Alaska has no shortage of bids on federal lands. In the Tongass, for example, there are many ways to refine his bill and more hearings will be held next year.

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for Alaska in 1987, and a number of parties, including RDC, intervened in the case. The Department today has released a proposed rule to revise and simplify the regulations. Murkowski's proposal seeks to provide additional remedies to the access problems.

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Hunters, trappers, sportfishers and recreationalists are not assured that they can continue to enjoy Alaska's wild lands. Under ANILCA, decisions on what can be done and what must not be done in Alaska's outdoors will be made in Washington, D.C. Most Alaskans live here to experience the freedom of being in the wilderness and ANILCA is a threat to that lifestyle.

For more information on the specifics of the bill, or if you want to add your two cents worth, please contact Senator Young's office and drop a note to Congressional leaders and the President to voice your strong support.

thoughts from the President by Scott Thorson

RDC briefed on Tongass transfer bill

Members of RDC's board of directors were briefed recently on legislation introduced by Congressman Don Young that would allow the State of Alaska to take control of the Tongass National Forest.

Duane Gibson of the House Natur- al Resources Committee, which Young is chair, noted that in two public hearings held so far on the legislation, the issue has come down to a philo-osophical debate on government from afar, the ability of local communities to manage their resources and whether the promise of statehood for Alaska has been achieved.

Young says he introduced the bill because the Forest Service has mis-managed the forest and is largely re-sponsible for the 40 percent reduction in the region's timber industry employment. Young noted that decisions over logging have shifted from local decision-makers to Washington, D.C., politicians pandering to powerful environmental lobbies.

"My bill unlocks the Tongass from its federal shackles," Young said. "It gives Alaskans freedom. It gives us control."

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The legislation would also have extended the restored contract by 15 years. Under pressure from the White House, the KPC had been seeking the 15-year extension to its long-term contract to amortize $200 million in environmental and safety upgrades required at its pulp mill. KPC provides 30% of Ketchikan’s payroll and more than 1,000 year-round, high-wage jobs in the region. Its demise would devastate the region’s timber industry which employs about 2,000 people. The pulp mill is critical to the entire timber industry because it takes low-quality end trees with a lot of timber left behind. Although high-quality timber can be used to make lumber and other high-end wood products, the pulp mill is needed for the low-end wood. Without the pulp mill, harvesting will be limited to selective logging of only the high-end trees with a lot of timber left behind that might otherwise have been harvested.

Despite the agreement, Governor Tony Knowles expressed concerns about families and businesses affected by the impending transition. “Even if the sawmill workers have no choice, we will provide the strongest and most meaningful support we may resolve these issues, while preserving jobs and forestlands,” said Knowles. Speaking about the closure of the pulp mill, Suwyn said the company had already been in touch with the Department of Agriculture to begin negotiations, which could take several years. “Providing adequate timber supplies are made available at a reasonable price, KPC will keep the sawmill running,” he added.

The opposition in Congress against the contract extension was led by (R) Rep. Sherwood Boehlert, whose state of New York cuts more than 1 billion board feet of timber annually to feed 34 operating pulp mills running,” he said. Tony Knowles expressed concerns about families and businesses affected by this transition. “Even if the sawmill workers have no choice, we will provide the strongest and most meaningful support we may resolve these issues, while preserving jobs and forestlands,” said Knowles. Speaking about the closure of the pulp mill, Suwyn said the company had already been in touch with the Department of Agriculture to begin negotiations, which could take several years. “Providing adequate timber supplies are made available at a reasonable price, KPC will keep the sawmill running,” he added.

Unlike Alaska’s struggling timber industry, the state’s mining sector is healthy, with a variety of consumer products. The mining industry provided an estimated 3,406 direct, full-time jobs in 1995, an increase of 323 from the previous year. A major increase in lead production was $537 million, up 6 percent from 1994. Forty percent of Ketchikan’s timber supply is used to make lumber and other high-end wood products, the pulp mill is needed for the low-end wood. Without the pulp mill, harvesting will be limited to selective logging of only the high-end trees with a lot of timber left behind that might otherwise have been harvested.

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