

State of Alaska OFFICE OF THE GOVERNOR 2005 EXPORTS



Frank H. Murkowski, Governor
Margy Johnson, Director of International Trade



Cover

The *Torm Tina* loads Korean-bound coal from Usibelli Coal Mine. Alaska Railroad's coal loading facility in Seward is operated by Hyundai Merchant Marine. Photo by Chris Arend courtesy of Usibelli Coal Mine.

Charles Abernathy, Associate Director of the Washington DC Office of the Governor, spoke at the opening ceremony of the log fumigation facility in the Municipality of Putian in Fujian Province, China, February, 2005. Alaska logs are fumigated at the Putian facility. Photo by Yingdi Wang.

Koichi Fukushima (left), President of Sumitomo Metal Mining, the major investor in Pogo Gold Mine in Alaska, and Kojiro Abe (right) the State of Alaska's Trade Representative, at a meeting in Sumitomo's Tokyo headquarters.

Korean Air and Korean travel agency executives, U.S. Embassy officials, and representatives from Ted Stevens Anchorage International Airport and the Alaska Travel Industry Association at the Seoul signing ceremony for the U.S. Embassy's new Alaska Explorer Visa Program, April 2006.

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Greetings:

The future has never been more optimistic for Alaska. We produce the resources that the world needs--seafood, minerals and precious metals, forests, fertilizers, and energy.

As economies around the globe prosper, so does Alaska's trade. The value of our exports is growing at amazing rates--nine to fifteen percent annually in the last three years. Demand and prices are up and the value of Alaska's exports reached a record high in 2005 at \$3.6 billion.

I am proud of the Alaskans across the state who are making trade happen. International business is challenging and we Alaskans have proven again and again that we are successful at it. Whether we are working on a fishing boat, operating heavy equipment at a mine, exploring our vast array of natural resources, working in a refinery, building roads and airports, or inviting the world's travelers to see our magnificent state, we are succeeding in world trade.

I am proud, too, of Alaska's educational system and our international programs that prepare our students to know, understand, and compete in today's world. Programs like the University of Alaska's global logistics course or the Anchorage School District's Japanese, Spanish, and Russian immersion classes create new futures and possibilities for students.

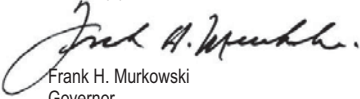


His Holiness the Dalai Lama visited Anchorage in September 2005 and presented the Governor with a white scarf, or kata, a traditional Tibetan greeting symbolizing purity of intention, and a copy of his book, The Good Heart.

International investment in Alaska has been strong since the original Japanese investments five decades ago in forest products, seafood, and energy. Our long history of attracting international investment is recognition of the state's stable and receptive business climate. As I meet with executives and leaders of international companies with significant investments in Alaska, they tell me they appreciate my administration's openness and support of resource development.

I thank the companies and workers who keep Alaska competitive in the global marketplace. Congratulations to the 2005 winners of the Governor's Exporter of the Year awards, Veco Corporation and Udelhoven Oilfield System Services. They, too, are proving daily that Alaska can competitively export services and expertise around the world.

Sincerely yours,


Frank H. Murkowski
Governor

July 2006



Governor Murkowski welcomed President of Taiwan Shui-bian Chen during the President's September 2005 Alaska visit. President Chen addressed a luncheon of Alaska business leaders and officials during a flight stopover on his way to Florida.



Canadian Consul Karen Matthias (left) is the first consul of the Canadian Consulate, which was established in Anchorage in 2004. Pictured at the Alaska Fur & Ice International Dinner in Fairbanks with Governor and Mrs. Murkowski.

Rank		U.S. Dollars			% Change 2005/2004
		2003	2004	2005	
1	Japan	1,031,953,258	1,189,666,446	1,180,644,227	-0.76%
2	Korean Republic	566,809,507	579,610,263	683,537,334	17.93%
3	China	153,859,674	241,501,571	337,214,518	39.63%
4	Canada	230,523,286	246,566,510	221,523,947	-10.16%
5	Germany	112,603,489	146,530,789	180,080,321	22.90%
6	Mexico	71,682,428	107,664,717	165,705,611	53.91%
7	Netherlands	96,799,787	92,385,427	114,298,057	23.72%
8	Switzerland	93,623,516	92,647,515	103,405,853	11.61%
9	Singapore	5,097,838	2,964,231	76,750,806	2489.23%
10	Spain	37,953,209	69,978,834	71,446,569	2.10%
11	Hong Kong	49,971,788	28,369,089	48,624,140	71.40%
12	Belgium	51,461,501	52,826,636	38,347,651	-27.41%
13	Portugal	12,380,455	30,951,719	35,521,577	14.76%
14	France	19,168,254	38,565,560	33,844,512	-12.24%
15	Australia	16,620,598	22,828,782	32,554,389	42.60%
16	Thailand	32,618,522	32,256,828	30,228,526	-6.29%
17	Italy	16,829,007	2,454,652	27,311,169	1012.63%
18	Norway	16,309,549	31,563,926	25,189,248	-20.20%
19	Finland	16,486,768	19,410,700	21,566,824	11.11%
20	United Kingdom	12,986,627	11,689,869	20,893,372	78.73%
	Other Countries	92,818,647	116,476,546	143,193,505	
	Worldwide Total	2,738,557,708	3,156,910,610	3,591,882,156	

Sister States/Provinces

Heilongjiang Province, China
Khabarovsk Region, Russia
Taiwan Province, Taiwan

Sister Cities

Anchorage	Chitose, Japan Darwin, Australia Incheon, Korea Magadan, Russia Tromso, Norway Whitby, England
Barrow	Ushuaia, Argentina Inuvik, Northwest Territories
Fairbanks	Aix-Les-Bains, France Mo-I-Rana, Norway Tainan City, Taiwan
Fairbanks North Star Borough	Yakutsk, Russia
Girdwood	Myoko-Kogen, Japan
Homer	Teshio, Japan Yelisovo, Russia
Juneau	Camiling, Philippines Chai-I Township, Taiwan Lenin District, Vladivostok, Russia Whitehorse, Canada
Kenai	Okha, Sakhalin Island, Russia
Ketchikan	Prince Rupert, Canada Kanayama, Japan
Kotzebue	Lavrentiya, Russia
Nome	Providenya, Russia
North Pole	Itadori-Mura, Japan
Palmer	Saroma, Japan
Petersburg	Hammerfest, Norway
Savoonga	Sereniki, Russia
Seward	Obihiro, Japan
Sitka	Nemuro, Japan
Soldotna	Nogliki, Sakhalin, Russia
Unalaska	Petropavlovsk-Kamchatsky, Russia
Wasilla	Mirniy, Russia
Wrangell	Noshiro, Japan



Anchorage Sister Cities rededicated the Anchorage Sister Cities Plaza located on the corner of 6th & H Streets. New flags were raised by (l to r) Anchorage Mayor Mark Begich, Deputy Consul-General of Japan Takashi Yamamoto and Magadan Vice Mayor Sergei Vasilievich Abramov.

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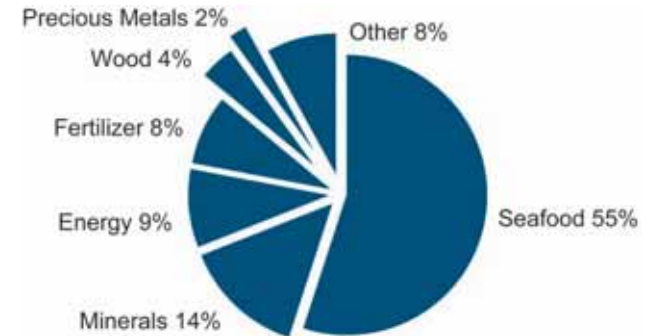
Alaska's Major Export Products 2005

(\$ In Millions)



Source: U.S. Census Bureau, Origin of Movement Series

Alaska's Major Export Products 2005



Source: U.S. Census Bureau, Origin of Movement Series



Governor's Exporter of the Year Award

Each year the Export Council of Alaska organizes the Alaska Export Banquet in May, around the time of "World Trade Week," as proclaimed by the U.S. Department of Commerce. During the banquet on May 25th, 2006, the Lt. Governor presented the coveted Governor's Exporter of the Year Awards for export activities in the preceding year.

Governor Murkowski applauded the efforts of award winners in a press release. "These companies export their skills and expertise throughout the world. It's a privilege to honor them with this award. The awards recognize the important contribution that exporters make to our state's economy. Whether our Alaska companies are exporting seafood, minerals, forest products or sharing the skills of our engineers and managers, we benefit in the homes of countless Alaskans."

One of the winners of the 2005 Governor's Exporter of the Year award, Udelhoven Oilfield System Services, exported the company's services to overseas customers and are stationed overseas in support of projects. They provide construction supervision on ongoing projects in China.

VECO, the other winner of the 2005 Governor's Exporter of the Year award, is the largest privately held company in Alaska, employing over 5,000 people domestically and internationally. Since 1969, VECO has grown from a welding and pipefitting support company in Cook Inlet to a worldwide engineering and construction company that performs a broad range of support services. A new service that VECO introduced in 2005 is the approach in the construction and production of modular prisons using a BOLT (build, own, operate, and transfer) contracting strategy.



Udelhoven Oilfield System Services was one of two winners of the 2005 Governor's Exporter of the Year award. Pictured: Udelhoven employees mark the occasion of first gas at the BP pipeline in Tbilisi, Georgia in Russia.

Award Recipients

2005	VECO Corporation
	Udelhoven Oilfield System Services
2004	Alaskan Vacations
2002	Sealaska Timber Corporation
	Northern Keta
2001	Agrium Kenai Nitrogen Operations
	Dowland-Bach
2000	VECO Corporation
1999	Arctic Slope Regional Corporation
1998	Teck-Cominco Alaska, Inc.
1997	Circumpolar Expeditions
1996	North Pacific Processors
1995	Tesoro Alaska Petroleum Company
1994	ERA Aviation
1993	Apocalypse Design, Inc.
1992	Dat/Em Systems
1991	Teck-Cominco Alaska, Inc.
1990	FedEx



VECO partnered with Eastern Construction Company on the Chayvo oil production facility on Sakhalin Island, Russia.

Russia

Alaska exported \$8 million in seafood and machinery to Russia in 2005; up 8 percent from the previous year. Seafood sales increased to \$5 million from \$3 million in 2004.

Alaska's oilfield service and support companies continue to find business opportunities and success in the Sakhalin oil developments. Alaska's experienced companies will likely continue to contribute to projects in the Russian Far East as that area explores and develops its oil and gas reserves.

Alaska's ties to Russia go beyond export of goods and services and include educational, scientific and cultural exchanges.

Governor Frank H. Murkowski met with the first President of the Russian Federation, Boris Yeltsin, in Anchorage in August 2005 to discuss a wide range of topics. A highlight of their meeting was discussion about the Governor's vision of a future rail link from Alaska to Russia.

Russian officials are interested in Alaska's economic development models. In 2005 and 2006 the Russian Federation's State Duma and its Council of Federation both sent committees for northern issues to Alaska. The committees met with state officials, native corporations, economists, and other experts at organizations like UAA Institute of Social & Economic Research and the Permanent Fund Corporation. Mr. Stanislav Eliseykin, a Duma representative and first deputy chairman of the Duma's Committee for Issues of the North and Far East, led the 2005 delegation. Mr. Sergey Matveev, a Council of Federation representative and first deputy chairman of the Council's Committee on Issues of the Northern Territories and Indigenous Minorities, led the 2006 delegation.



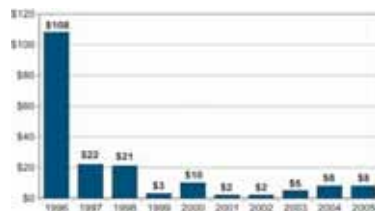
Rear Admiral James Olson, the U.S. Coast Guard Seventeenth District Commander, welcomed Russian Federal Security Service's North-Easter Border Directorate's (NBD) Lieutenant General Valeri Putov to Alaska in April 2005. The two commanders and staff met to review the program of joint actions and information sharing aimed at eliminating illegal fishing activity in the NBD area of responsibility.

The U.S. Coast Guard's 17th District and the Russian Federal Security's North-Eastern Coast Guard Department cooperate closely in observing and protecting marine resources in the North Pacific Ocean since 1992. Their cooperation promotes safe and legal operations in convention areas and their regular exchanges on fisheries related situations are part of successful management of the North Pacific and Bering Sea.

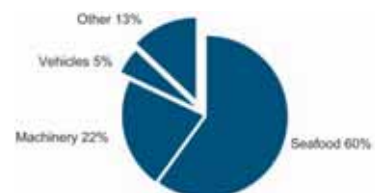
The Institute of the North, an educational and research non-profit organization in Anchorage worked on several projects during 2005 that focused on Russia. See <http://www.institutenorth.org> for more information. Former Alaska Governor Walter J. Hickel and founder of the Institute, lead a one-day symposium in Moscow comprised of Russian economists and scholars discussing the Russian edition of the Governor's book *Crisis in the Commons: The Alaska Solution*. In October 2005, the Institute convened 60 international Arctic aviation experts from Russia, Canada and Alaska in Khaty-Mansiysk, Russia to discuss challenges and opportunities within the North. In December, the Institute released an economic study showing potential for a new air route between Alberta, Canada, through Anchorage, Alaska, to Yuzhno-Sakhalinsk, in the Russian Far East. Also in 2005, the Institute began a feasibility study for the U.S. Department of Energy to host an international Arctic Energy Summit in Anchorage in conjunction with the International Polar Year (2007-2008).

Cultural and educational programs within Alaska reflect Russian ties. Performing organizations like the Anchorage-based Russian American Colony Singers and the Sitka New Archangel Dancers remind audiences of Russian influence in the state's history. In May 2005, Alaskan educators at Turnagain Elementary School in Anchorage concluded the first year of the United States' only Russian immersion elementary school program. In July 2005 a Russian Orthodox Museum opened in Anchorage. At the University of Alaska Anchorage, more than 100 students from Russia comprise the largest Russian undergraduate population of any university in the United States.

Alaska's Exports to Russia
Yearly Totals • In Millions



Alaska's Exports to Russia
2005



Consul General of the Russian Federation Vladimir Voinov travels frequently to Alaska from the Seattle Consulate General. Pictured with Governor Murkowski in Anchorage.

Seafood

Total seafood earnings, employment, and exports have all increased over the past two years. Over four billion pounds were harvested in 2005, worth \$1.3 billion in gross earnings to fishermen, and resulting in more than 6,700 direct jobs. This is the highest value paid to commercial fishermen since 1999 and second highest value since 1995. Alaska's commercial fisheries are among the best-managed fisheries in the world. Regulations put strict limits on the total allowable catch to ensure fish stocks remain healthy and subject to sustainable harvests. Environmental laws further safeguard the quality and safety of the product. Through private and public marketing partnerships intended to promote the superior quality and flavor of Alaska seafood products, Alaska commercial fishermen are gaining greater pricing average, not only with domestic high-end restaurant buyers, but in the growing global marketplace.



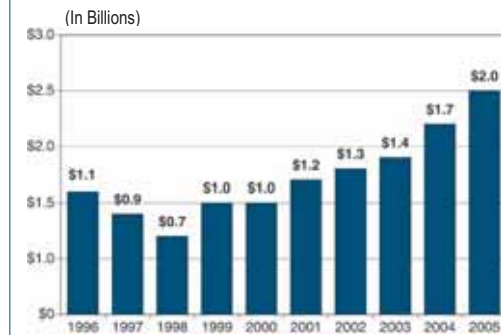
Governor Murkowski hosted 30 members of United Kingdom's consumer and food press at a seafood luncheon organized in London by the Alaska Seafood Marketing Institute at Nobu Restaurant in April 2006. Nobu Chef Scott Hallsworth designed a tasting menu featuring Alaskan salmon, halibut, crab, and cod. Photo by Roland Kemp.

struggling communities, economic-development grants and other economic development programs for private and nonprofit entities. Such programs work to improve the business environment for small businesses through technical assistance, matching grants, loan programs, and product quality improvements. Leveraging efforts - matching dollar for dollar - undertaken by the Governor's Fish Cabinet and implemented through the State of Alaska Department of Commerce, Community and Economic Development's Office of Economic Development has resulted in over \$85 million to the salmon industry alone. Such strategies are also resulting in grantees making further investments into their operations and have opened up new markets.

-Excerpt from the Alaska Economic Performance Report 2005. For more information and a complete copy of that report, see http://www.dced.state.ak.us/dcal/pub/AEPR_Web_2005.pdf

FischMagazin's May 2006 coverage of increases in Alaska seafood consumption in German markets. Presenters at the pictured April 2006 press conference included major German importers of Alaska seafood and state officials: (l to r) State of Alaska International Trade Director Margy Johnson, Director, International Trade, Frosta AG executive Karl-Heinz Kraus, Governor Murkowski, Gottfried Friedrichs AG executive Eckhard Kämmler, and Alaska Seafood Marketing Institute International Director K.C. Dochtermann.

Alaska Seafood Exports



Source: U.S. Census Bureau, Origin of Movement Series

Alaska's seafood industry is under competitive pressure from other wild capture sources and huge increases in aquaculture products in the world. The Alaska seafood industry must continue to make technical advances in commercial fish harvesting and seafood processing to maintain and improve its global market position.

Alaska's commercial harvests have remained fairly constant in recent years, while the value of the catch is growing. This is due in large part, to improved handling and product recognition resulting in greater demand by consumers.

While the total national value of Alaska seafood was estimated at over \$4.6 billion in 2001, only \$1.3 billion was earned by Alaskans. There remains great potential for Alaska to capture more value from seafood by building its primary and secondary processing sector and seafood-related businesses.

Public and private efforts have merged to combat increased competition and improve the economic value earned in Alaska. In 2003, the Murkowski Administration initiated the \$50 million salmon-industry Revitalization Strategy that continues into 2006.

This multi-year strategy includes aid for individual fishermen, aid for struggling communities, economic-development grants and other economic development programs for private and nonprofit entities. Such programs work to improve the business environment for small businesses through technical assistance, matching grants, loan programs, and



Alaska Mining Roundup

By David Szumigala, Alaska Division of Geological & Geophysical Surveys, Department of Natural Resources, and Richard Hughes, Alaska Office of Economic Development, Department of Commerce, Community & Economic Development

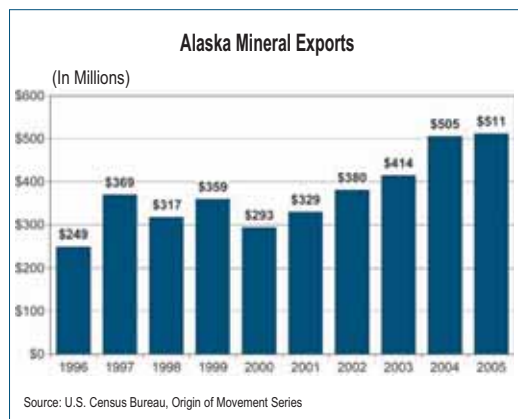
Alaska's mineral industry had a very strong year in 2005, propelled by strong metal prices and renewed interest in Alaska's outstanding mineral endowment. Total value of Alaska's mineral industry in 2005 was approximately \$1.83 billion, the tenth straight year above \$1 billion and a new record value. Highlights for the Alaska's mineral industry are the continued construction at Teck Cominco-Sumitomo's Pogo gold project and the beginning of construction at Coeur's Kensington gold project. Exploration expenditures rose above robust 2004 levels. Alaska's lode mines continue high production levels. A handful of projects have or will begin major development work, with new gold mines expected to begin production in 2005 and 2006.



Pogo Gold Mine facilities were constructed in 2005 by mine operator Teck Cominco. Sumitomo Metal Mining is also a major investor in the project.

Alaska. NovaGold Resources' Rock Creek gold project on the Seward Peninsula is likely to undergo construction in 2006, with first production projected for early 2007.

Exploration expenditures in Alaska during 2005 were \$101 million, 43% higher than the \$70.8 million spent in 2004. At least 16 projects had exploration expenditures of \$1 million or more and these projects spanned across Alaska. Total drilled footage for exploration and development of hard rock and placer resources was 194,843 meters. As in years past, most exploration funds (>70%) were from Canadian sources. Advanced exploration projects include Placer Dome-NovaGold-Calista Corp's 28 million ounce Donlin Creek intrusion-hosted gold project and Northern Dynasty's Pebble porphyry copper-gold project in southwestern Alaska. The Pebble project, with announced measured and indicated (M&I) resources of 31.3 million ounces of gold, 18.8 billion pounds of copper, and 993 million pounds of molybdenum, was the largest exploration project in 2005. It spurred additional exploration for porphyry copper-gold systems in southwestern Alaska, notably by Liberty Star Gold Corp. Continued exploration around the Fort Knox and Greens Creek mines made discoveries that extended mine resources. AngloGold Ashanti led exploration for intrusion-related gold deposits in Interior Alaska, and



Alaska's mineral production dominated by base metal production from Teck Cominco-NANA's Red Dog Mine in northwestern Alaska and Kennecott Minerals-Hcla Mining's Greens Creek mine in southeastern Alaska. Production from Red Dog, the world's largest zinc producer, accounted for 65% of Alaska's annual mineral production value. Both Red Dog and Greens Creek mines continued strong production in 2005. Kinross Gold's Fort Knox gold mine, near Fairbanks in Alaska's Interior region, produced 329,000 ounces of gold during 2005. Strong gold prices and high diesel process during 2005 likely led to a slight decrease in placer gold production (28,074 ounces produced in 2004).

Construction at Teck Cominco-Sumitomo's Pogo underground gold mine complex in Interior Alaska is expected to cost \$347 million and to be completed by June 2006, with gold production anticipated in the first quarter 2006. Construction at Coeur Alaska's Kensington underground gold mine complex in southeastern Alaska began in mid-year 2005. St. Andrew Goldfields Ltd. plans production in 2006 at the historic high-grade Nixon Fork gold-copper mine in west-central

Taiwan

Governor Murkowski is well known in Taiwan as a result of his friendships with Taiwan businessmen and leaders, his 22-year tenure as U.S. Senator, and his work on the Senate Foreign Relations Committee. Under his leadership, Taiwan and Alaska established the Taiwan-Alaska Trade & Investment Cooperation Council in 2004.

Alaska exported \$17 million of seafood and forest products to Taiwan in 2005. Both seafood exports and wood exports climbed in 2005. Seafood exports grew nearly nine percent to \$7 million and forest products increased 25 percent to \$5 million. The decline in total export value for 2005 compared to the year previous occurred because there were no minerals exports, a \$4 million value in 2004.

Taiwan-Alaska Trade & Investment Cooperation Council was active in 2005. Five mining companies with interests in Alaska made presentations at a TATICC Mining and Investment Forum in Taipei in April. The forum attracted representatives from Tai Power, Chinese Petroleum Corporation, Formosa Petrochemical, China Steel Corporation, and private investment firms as well as government. In August, forest products buyers from Taiwan and officials from the Taiwan Forestry Bureau traveled to Alaska to meet with log exporters and others in Ketchikan, Wrangell, Juneau, Anchorage and Fairbanks. Over 100 Taiwan and Alaskan business representatives attended the Council's second annual meeting in Girdwood in September.

Tourism promotion in Taiwan was another important priority for TATICC. The Alaska Travel Industry Association conducted travel industry training seminars to tour operators and travel agents and continues to work with Alaska Pac, a consortium of 13 Taiwanese travel companies. ATIA also arranged for a familiarization tour of Alaska for Taiwan travel agents.

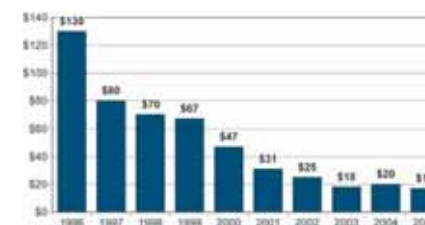


Former Taiwan President Teng-hui Lee with Governor Murkowski, (standing 1 to r) Al Mayo, Ming Chen, and Liching Kott during the President's October 2005 visit to Alaska.

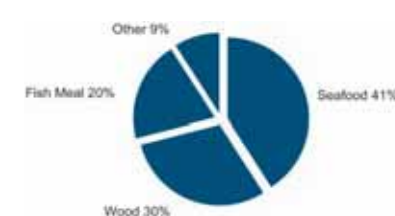


Frank Roppel (left), co-chair of TATICC, led a trade mission of Taiwan forestry officials and buyers to Alaska in June 2005. Pictured in Wrangell at Silver Bay Logging, Inc.

Alaska's Exports to Taiwan
Yearly Totals • In Millions



Alaska's Exports to Taiwan
2005



The sitting and former Presidents of Taiwan both visited Alaska in 2005. In September President Shui-Bian Chen stopped en route to Florida. Over 50 Alaskans gathered to hear President Chen speak on Taiwan and democracy. Former President Teng-Hui Lee stopped in Alaska for three days on his way to speak at the National Press Club in Washington. A long-time friend of the Governor, President Lee toured southcentral Alaska and hosted a dinner in honor of the Governor.

TAIWAN-ALASKA TRADE & INVESTMENT COOPERATION COUNCIL

Co-Chair Mike Barry, Alaska Industrial Development and Export Authority Board
Co-Chair Frank Roppel, Alaska Housing Finance Corporation
Alan Austerman, Office of the Governor
Michael Beal, Seldovia Native Association
Steve Borell, Alaska Miners' Association
Larry DeVilbiss, Wolverine Farm
Mark Eliason, U.S. Travel
Rich Haig, Greens Creek
Trevor McCabe

Tom Irwin, State of Alaska, Commissioner of Department of Natural Resources
Margo Johnson, Office of the Governor
Ron Miller, Alaska Industrial Development and Export Authority
Bill Noll, Office of the Governor
Ron Peck, Alaska Travel Industry Association
Steve Sealey, Pacific Log & Lumber
John Sturgeon, Trans-Pac Building Materials
Bob Thorntson, United Fishermen of Alaska
James Weeks, UltraStar Exploration

Netherlands

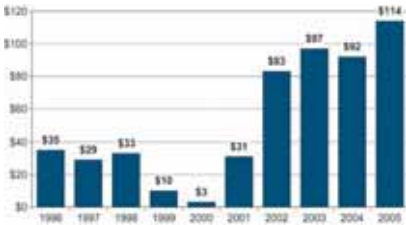
Alaska's export numbers to the Netherlands increased 24 percent in 2005 after a five percent increase the previous year. The growing numbers continue to reflect the role that Rotterdam, Europe's largest port, plays in helping Alaska exports of seafood flow to the European Union. The Port's storage infrastructure and transportation links to roads and canals are key in sending Alaska seafood to the larger European markets.

Governor Murkowski visited the Netherlands in his April 2006 Europe trade mission and met with Royal Dutch Shell executives in the company's headquarters in The Hague. Discussions centered around marketing Alaska's share of natural gas from the proposed Alaska natural gas pipeline and around the potential of a coal gasification that would use Beluga coal to generate gas for the important LNG plant on the Kenai Peninsula. A detailed discussion was also held on the development of hydrogen as a clean, sustainable source for power generation in rural areas.

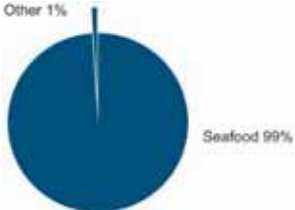


Governor Murkowski and Nancy Murkowski (right) with U.S. Ambassador Roland E. Arnall and Dawn Arnall.

Alaska's Exports to Netherlands
Yearly Totals • In Millions



Alaska's Exports to Netherlands
2005



several companies continued projects in the Fairbanks district. Base metal exploration was led by NovaGold Resources' exploration of the Arctic VMS deposit in the Brooks Range. Platinum and associated metals exploration continued at the MAN project in the Alaska Range by Anglo American, and Nevada Star Resources; similar mineralization nearby by BC Metals; and at Union Bay in southeastern Alaska by Lonmin, Pacific North West Capital and Freegold Ventures.

In 2006 outlook of strong metal prices and increased funds for exploration is positive for Alaska's mining industry. Alaska has world-class mineral deposits and Alaska's major mines are showcase examples of modern mining. Alaska remains highly unexplored compared to other regions in the world, but recent exploration successes hint at Alaska's excellent mineral discovery potential.

Websites with additional and complimentary information can be found at:

Division of Geological and Geophysical Survey
www.dggs.dnr.state.ak.us/

Department of Natural Resources
Division of Mining Land and Water
www.dnr.state.ak.us/mlw/index.htm

Office of Economic Development
Office of Mineral Development
www.dced.state.ak.us/oed/minerals/mining.htm



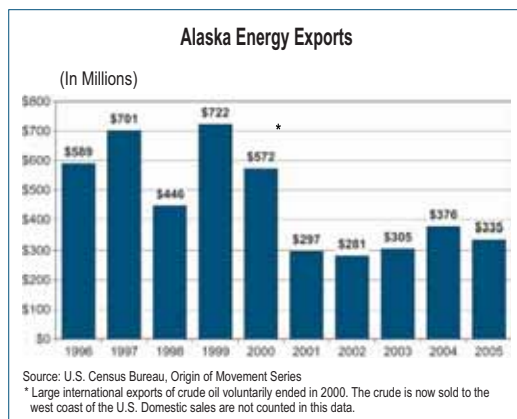
The view north from the Pebble East Deposit, one of two major deposits in Hunter Dickinson's 153-square mile Pebble project. Pebble was the largest exploration project in Alaska in 2005. Photo courtesy of Hunter Dickinson.

Coeur Alaska is moving forward with construction of the Kensington Gold Mine. Pictured is the on-site mill where ore will be processed. Kensington expects to begin operating in 2007, producing approximately 100,000 ounces of gold annually over the expected ten-year life of the mine. July 2006 photo courtesy of Coeur Alaska.

Energy

In 2005, Alaska's energy exports of liquefied natural gas, light petrochemicals and coal totaled \$335 million, the second highest amount of the past five years. Japan accounted for just over 60 percent of Alaska's energy exports with LNG purchases of \$137 million and refined petroleum product purchases of \$66 million. Mexico's energy import of \$75 million of Alaska refined petroleum product marks the first time that the country has imported from Alaska at that level. Hong Kong and Canada bought \$27 million and \$15 million respectively of refined petroleum product.

Alaska's North Slope daily production of nearly one million barrels of crude oil per day flows to U.S. refineries. Between 1996 and 2000, around five and half percent of North Slope crude oil production was exported and is reflected in Alaska's higher energy export values for that period.

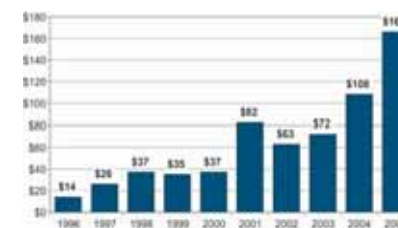


In 2005, Governor Murkowski continued negotiations with Alaska's major oil producers about gas pipeline development. For the most current information on this important project, see <http://www.gov.state.ak.us/gasline/>

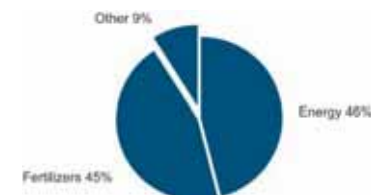
Mexico

Alaska exported \$165 million of fertilizer and refined petroleum product to Mexico in 2005. The fertilizer export of \$74 million reflects the important role the country plays in agricultural products for North America. Despite its status as one of the world's largest crude oil exporters, Mexico is a net importer of refined petroleum products. Alaska exported \$76 million of refined product to Mexico in 2005.

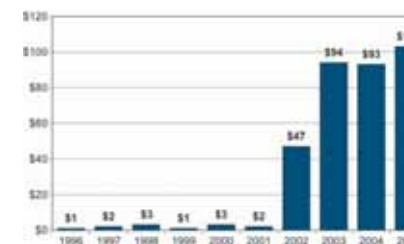
Alaska's Exports to Mexico
Yearly Totals • In Millions



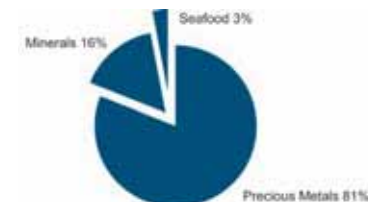
Alaska's Exports to Mexico
2005



Alaska's Exports to Switzerland
Yearly Totals • In Millions



Alaska's Exports to Switzerland
2005



Switzerland



Fort Knox Operation.

Fort Knox Gold Mine was originally permitted in 1994 and commercial production began in 1997. Kinross Gold Corporation acquired the mine in 1998. The operation currently employs 400 to 450 people year round.

The export of Alaska seafood directly to Switzerland rather than through buyers in other European countries has helped to substantially increase export numbers. The country's high per capita income and consumer interest in high quality food make it a natural market for Alaska's seafood.

Alaska exported \$103 million to Switzerland in 2005, primarily gold. Gold from Fort Knox Gold Mine bolstered by continued strong prices accounted for \$81 million, lead ore for \$16 million, platinum for \$3 million, and seafood for \$3 million.

Germany

Following a 30 percent increase in 2004, Alaska's 2005 exports to Germany increased 23 percent to \$180 million. The increases are driven by seafood sales that accounted for \$163 million in 2005.

Germany's consumers are well educated about health and environmental issues. Alaska's wild and natural seafood, its well-managed fisheries, and food traceability are important to this market. The popularity of white fish—pollock, cod, halibut, sole and black cod—continues.

Governor Murkowski and a group of Alaska trade, fishery and tourism representatives led a trade mission to Germany's largest seafood port, Hamburg, in April 2006 and met with seafood buyers and media. The visit generated positive coverage and renewed the close ties that many German buyers feel with Alaska. Members of the consumer and trade media attended the press conference and reception, including representatives from Essen & Trinken, Fischmagazin and the Frankfurter

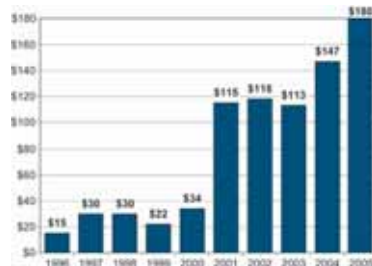


Governor Murkowski met with Condor German Airlines and major German tour operators on April 13, 2006 to push for expanded air service to Fairbanks and Anchorage from Frankfurt. The Governor also promoted winter tourism possibilities to the airline and the travel reps. (l to r) Günter Rücker, Air Tours International; Matthias Rotter, Meier's Weltreisen; Nina Dumbert, Thomas Cook AG; Per Illian, Dertour; Nicolas Kitzki, Ikarus Tours; Mrs. Murkowski; Governor Murkowski; Dieter Knöfel, Condor German Airlines; Tilman Uhlig, Terranova Touristik; Boris Ogursky, Thomas Cook AG.

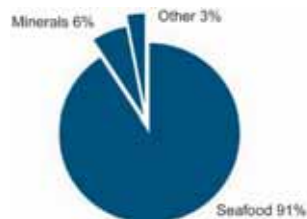


Condor completed its fifth season of non-stop Fairbanks/Frankfurt flights, retaining Fairbanks' enviable standing as the smallest U.S. market with non-stop European passenger service. Pictured: Condor's aircraft at the gate in Fairbanks.

Alaska's Exports to Germany
Yearly Totals • In Millions



Alaska's Exports to Germany
2005



Zeitung. Ten representatives from major German seafood companies attended the trade luncheon, including Frosta AG, Gottfried Friedrichs, Pickenpack and Royal Greenland.

The trade mission group also toured Die Raucherei, a 'micro' seafood smoking plant located near Hamburg. Die Raucherei, in business since 1988, is an interesting example of Alaska's high end European opportunities in catering and foodservice sectors. While the plant initially worked exclusively with farmed salmon, during the past decade it has increasingly begun promoting wild Alaska seafood products. In the mid-1990's the facility began smoking wild Alaska coho and sockeye salmon and during the past few years has added both wild Alaska halibut and Alaska black cod to its product line.

German-speaking Europeans are Alaska's largest international visitor market outside of North America, estimated at 35,000 visitors per year. Condor officials have been actively reviewing Alaska opportunities and indicated they are looking for tour wholesalers to guarantee a certain minimum load for additional air service to Alaska. For several years, Condor has been operating four charters per week to Alaska from mid-May to September with three flights to Anchorage and one to Fairbanks.

Forest Products

As Alaska's timber industry overall continues to struggle, the wood export picture is a bright spot. Owners of private timber in Alaska have expanded their markets for round logs into China and Korea, and have continued to serve longstanding customers in Japan. Discussions with buyers in Taiwan are ongoing.

With strong support from the State of Alaska, several years of uncertainty over phytocertification for the pinewood nematode are on track for resolution. Log exporters have worked with state and federal officials and with the City of Putian, China. A new fumigation facility began operations at the port of Putian early in 2005.

In 2005, a special Forestry Task Force was formed as part of the Taiwan-Alaska Trade and Investment Cooperation Council (TATICC). In June, 2006, the Alaska side of the Task Force visited Taiwan and held discussions with government and industry officials. Tentative agreement was reached on a memorandum of understanding for continued discussion and interaction between the parties. A Task Force delegation from Taiwan is slated to visit Alaska in the autumn of 2006.

A significant new development in forest products trade has occurred over the past 18 months as the new chipping facility at Port Mackenzie began operations. NPI, LLC, is selling white spruce chips to a Japanese customer for use in the manufacture of newsprint, and birch chips to a customer in Korea for conversion to kraft pulp. The chipping and loading facility is operated under contract by NANA Services. The company is investigating other opportunities to expand trade, including possibilities in Taiwan and China.



Alcan Forest Products logs ready for export from Ketchikan to Asia.



The Keoyang Majesty used Port MacKenzie's newly completed deep-draft dock to load wood chips bound for Korea in February 2005. In 2005 six panamax size vessels and twelve barges used the new dock; it can accommodate panamax and cape sized vessels and ships with drafts up to 60 feet. Photo courtesy of Port MacKenzie

Alaska-Canada Railroad Initiative



Governor Frank H. Murkowski met with former President of the Russian Federation Boris Yeltsin in Anchorage in August 2005 to discuss a wide range of topics. A highlight of the event was the vision of a future rail link from Alaska to Russia. Picture of press conference following private meeting in Anchorage.

In 2000 as a U.S. Senator, Governor Murkowski passed the Rails to Resources Act. The act authorized establishment of a Bilateral Rail Commission and a feasibility study with Canada designed to take a serious look at Alaska/Canada railroad connections.

The Governor and Premier Fentie signed a memorandum of understanding in April 2005 so that the Alaska and Yukon governments could move forward themselves with the study. Funding for the study is a mix of U.S. and Canadian federal, state, and provincial monies. A bilateral management working group and an advisory committee was established to oversee and manage the feasibility study. It is assessing the long-term social and economic benefits of a rail connection from Alaska to the Yukon, northern British Columbia, Canada and the United States. The study is comprised of four parts—market analysis, technical analysis, financial analysis and public interest analysis. For more information, <http://alaskacanadarail.com/>

Vision for an Alaska-Canada railroad is not new. It was initially proposed by the Harriman Expedition in the mid-1800s to connect Alaska to Siberia. An Alaska-Canada Railroad was proposed again during the Klondike gold rush. The U.S. Army Corps of Engineers surveyed a railroad route during WWII, but built the Alaska-Canada highway instead.

Tremendous mineral wealth exists along the corridor. Potential exists to co-locate utilities, pipelines, and fiber-optics. Governor Murkowski continues to promote discussion on all opportunities for Alaska rail advancement, including extending the railroad to Northwest Alaska to access coal deposits and one day crossing the Bering Straits.



In Fairbanks, Japan Airlines doubled the number of Tokyo – Fairbanks 747 passenger charter flights for winter 2005/2006, and has plans for a similar size increase for the 2006 – 2007 winter season.

International Aviation

In 2005, cargo traffic at Ted Stevens Anchorage International Airport grew 13%. Currently, 37 foreign and domestic airlines operate in Anchorage transporting 5.1 billion pounds of cargo each year. Most of the international cargo operators have the authority to pick up or drop off international freight from or to the Alaska market.

Activity at Ted Stevens Anchorage International Airport creates nearly one in nine jobs in Anchorage, many of them in international cargo operations. Alaska also enjoys nonstop year round passenger service to Taipei on China Airlines; and seasonal nonstop passenger service to Frankfurt on Condor German Airlines, to Seoul on Korean Air and to Vancouver.

The Consulate of Canada in Alaska, established in 2004, celebrated the one-year mark with publication of "Canada's Impact on Alaska." The report can be found at www.anchorage.gc.ca

Excerpts from "Why Canada Matters to Alaska," a report prepared for the Consulate of Canada by the McDowell Group, Inc. © 2005

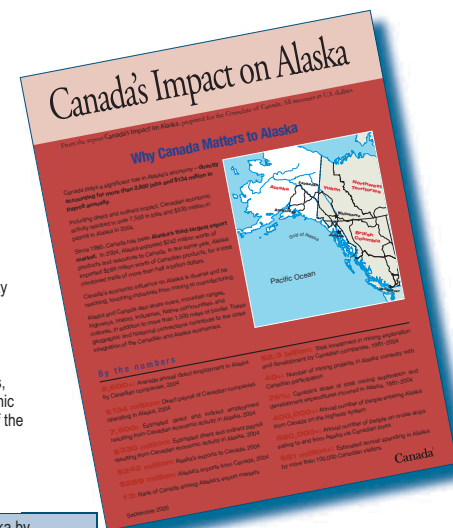
Canada plays a significant role in Alaska's economy – directly accounting for more than 2,600 jobs and \$134 million in payroll annually.

Including direct and indirect impact, Canadian economic activity resulted in over 7,500 in jobs and \$330 million in payroll in Alaska in 2004.

Alaska and Canada also share rivers, mountain ranges, highways, history, industries, Native communities, and cultures, in addition to more than 1,500 miles of border. These geographic and historical connections contribute to the close integration of the Canadian and Alaska economies.

By the Numbers

2,600+	Average annual direct employment in Alaska by Canadian companies, 2004
\$134 million	Direct payroll of Canadian companies operating in Alaska, 2004
7,500	Estimated direct and indirect employment resulting from Canadian economic activity in Alaska, 2004
\$330 million	Estimated direct and indirect payroll resulting from Canadian economic activity in Alaska, 2004
\$2.3 billion	Total investment in mining exploration and development by Canadian companies, 1981-2004
40+	Number of mining projects in Alaska currently with Canadian participation
76%	Canada's share of total mining exploration and development expenditures incurred in Alaska, 1981-2004
400,000+	Annual number of people entering Alaska from Canada on the highway system
880,000+	Annual number of people on cruise ships sailing to and from Alaska via Canadian ports
\$81 million+	Estimated annual spending in Alaska by more than 100,000 Canadian visitors



Canada

Alaska exported \$222 million in minerals, seafood, and energy to Canada in 2005. Canada's economic ties with Alaska go beyond exports and include significant investment by Canadian mining companies.

Canada invests and participates strongly in Alaska mining and exploration activities. For the third year in a row, Alaska exported over \$100 million in zinc and lead ores.

Seafood exports were \$67 million, midpoint between 2004's \$71 million and 2003's \$63 million. Refined energy exports increased to \$15 million.

Governor Murkowski continued to improve economic development opportunities and Alaska/Canada relations through frequent communication with Canadian counterparts.

In April 2005, Governor Murkowski and Yukon Premier Dennis Fentie signed a memorandum of understanding to begin a feasibility study on a proposed Alaska-Canada Rail corridor connection. The study will be completed in 2006. Governor Murkowski and Premier Fentie traveled to Washington, DC in June 2005 to meet with federal agencies to advance the gas pipeline and extension of the railroad to the Lower 48 through Canada. They met with the Federal Energy Regulatory Commission, the Department of Energy, the Department of Interior, and the Department of Transportation. For more information, see <http://alaskacanadarail.com/>

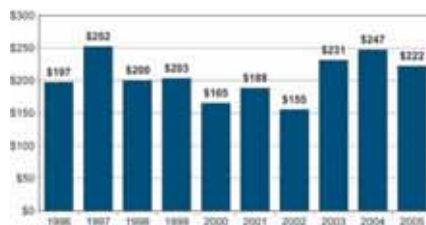
In October 2005, the Governor met with Alberta Premier Ralph Klein, Premier Fentie, and British Columbia Premier Gordon Campbell in Vancouver, Canada to discuss energy projects. Governor Murkowski also took the opportunity of the meeting with the three premiers to discuss the rail link potential and the possibility of extending an energy intertie from Southeast Alaska to British Columbia. A memorandum of understanding between Alaska and British Columbia was also renewed in a separate meeting between the Governor and Premier Campbell.

Canadian Consul Karen Matthias has fostered close ties between Alaska and Canada since her appointment in 2004. The Consulate maintains an active schedule of meetings, presentations and events, and visits in communities around the state.

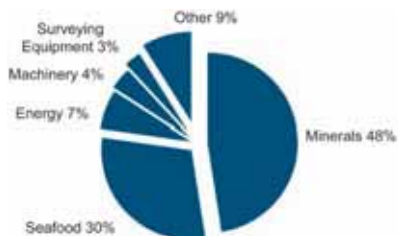


Governor Murkowski met with Yukon Premier Dennis Fentie and Alberta Premier Ralph Klein in Anchorage in March 2005 to exchange information on Alaska and Canadian gas pipeline possibilities and issues.

Alaska's Exports to Canada
Yearly Totals • In Millions



Alaska's Exports to Canada
2005



Recent legislation allows foreign and domestic carriers to expand transfer operations at ANC. Northwest, Korean and Transmile Air were the first carriers to initiate new transfer operations under this new authority. Many international cargo operators also have significant cargo sorting and transloading operations in Anchorage including UPS, FedEx, and Japan Airlines.

Two airlines are taking advantage of both Anchorage and Fairbanks airports with their routing. For the first time, JAL operated summer passenger charter flights to Fairbanks, enabling Japanese visitors to make the most of their time in Alaska with one way itineraries that begin in Fairbanks and end in Anchorage. Condor German Airlines has operated Anchorage/Frankfurt summer service for more than 10 years and completed their fifth season of non-stop Fairbanks/Frankfurt operations. Fairbanks retains its enviable standing as the smallest U.S. market with non-stop European passenger service.

After almost sixteen years and 15,000 landings, Lufthansa Cargo bade a reluctant "auf wiedersehen" to Fairbanks as the German flag carrier rerouted its Europe – Asia cargo operations to time saving itineraries via central Asia.

International Marine Shipping

Alaska's exports of seafood, forest products, minerals and coal move primarily by chartered marine service from various ports in Alaska. Dutch Harbor-Unalaska is the top U.S. port for export of seafood. Coal exports to Korea depart the Port of Seward. Red Dog Mine in northwest Alaska has a summer shipping season during which its ore products are shipped to markets in North America, Asia and Europe from the Red Dog Mine Port. Forest products move directly from a variety of southeast destinations to international markets.



International carriers operate Asia/North America routes via Ted Stevens Anchorage International Airport.



The *Torm Tina* loads Korean-bound coal from Usibelli Coal Mine. Alaska Railroad's coal loading facility in Seward is operated by Hyundai Merchant Marine. Photo by Chris Arend courtesy of Usibelli Coal Mine.

ALASKA ALBERTA BILATERAL COUNCIL

Bill Allen, CEO, VECO Corporation
Linda Anderson, Anderson Group, LLC
Mike Barton, Commissioner of the Alaska Department of Transportation & Public Facilities
Steve Borell, Executive Director, Alaska Miners Association, Inc.
John Coghill, Jr., Alaska State Representative
Kathleen (Mike) Dalton
Fred Dyson, Alaska State Senator
Pat Gamble, President & CEO, Alaska Railroad Corporation
Richard Glenn, Vice President of Lands, Arctic Slope Regional Corporation
Karl Hanneman, Vice President of Alaska Affairs, Teck Pogo, Inc.
Jeannette James, Railroad Advisor, Office of the Governor
Jeff Jones, Publisher, Alaska Journal of Commerce
Mike Menge, Commissioner of the Alaska Department of Natural Resources
Bill Noll, Commissioner of the Alaska Department of Commerce, Community & Economic Development
Scott Nordstrand, Commissioner of the Alaska Department of Administration
Robin Taylor, Deputy Commissioner of the Alaska Department of Transportation & Public Facilities

Japan

Alaska's ties to Japan are significant. The state's 2005 exports to its long-time number one market were \$1.2 billion in seafood, energy, minerals and forest products.

The Japanese economy continued its moderate recovery in 2005. Improvements in employment and income continue.

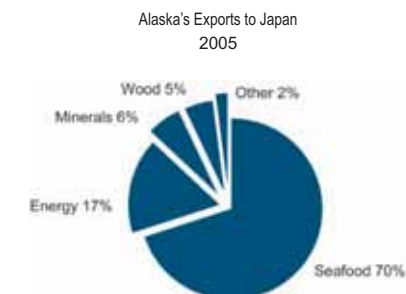
Alaska's seafood exports to Japan increased 12 percent to \$826 million in 2005, the second year in a row of double digit percentage increases. The growth in value in the past few years results from several factors. Japan's economy is improving; consumer confidence is increasing; the yen has been relatively strong and stable for several years; and Alaska's production is increasingly efficient as producers' harvesting technology continues to advance. Another factor may be the addition of new ways to prepare and present traditional seafood product from Alaska. For example, new styles of roe preparation, some of which include marinades, have helped to attract younger consumers and broaden the consumer base for roe. Although not a major emphasis in Japan yet, a growing awareness of the value of natural and organic products is slowly finding its way into the Japanese market, preparing consumers to develop a preference for wild seafood.

Alaska exported \$68 million of zinc and lead ore to Japan in 2005, compared to \$73 million in 2004 and \$56 million in 2003. Alaska is home to the world's largest producer of zinc concentrate, Red Dog Mine. Owned and operated by Teck Cominco, under a development agreement with NANA Regional Corporation, Inc., an Alaska native corporation, the mine is located in the DeLong Mountains of Alaska's Brooks Range approximately 90 miles north of Kotzebue.

Japan's market for minerals continues to grow. The Alaska mineral industry connection has strong ties to Japan through Japanese companies' investment as well as through export.



Koichi Fukushima, president of Sumitomo Metal Mining Company and Kojiro Abe, trade representative of State of Alaska in Japan. Photo in Tokyo on June 9, 2006.



One of Governor Murkowski's primary goals in public service, first as a U.S. senator for 22 years and now as Governor, has been to create attractive and stable development conditions in Alaska for international investment. The Pogo Gold Mine, a project of Sumitomo Metal Mining and Teck Cominco, has benefited from the Governor's support. In 2004, the Governor helped to resolve an outstanding environmental issue so that construction could resume. The mill was completed in 2005 and the first feed was introduced to the mill in January 2006, marking the culmination of an 11-year process from discovery, data gathering, permitting, design and construction to production. Annual gold production of 350,000 to 500,000 ounces is expected over the 10-year life of the project. Exploration work on the property was restarted in 2005.

Driven by growth of Japan's automobile production and electric industries, the country's mining and trading firms continue to review metal mining opportunities in Alaska.

Second, in 2005 the Municipality of Putian in Fujian Province established a log processing facility that could fumigate logs upon arrival in China. USDA and the State of Alaska Division of Agriculture worked through official US/China bilateral talks to request that Alaska's logs be allowed fumigation upon arrival in China. In August 2005, a 16-member delegation of Chinese buyers and phytosanitary officials from Fujian Province, the Municipality of Putian, and Putian City Port visited Alaska and met with log producers, native corporations, and state officials. Alaska logs have since been processed through the Putian facility. Also in 2005, the US-based Softwood Exports Council brought their China-based representative to do site visits in Alaska with U.S. Forest Service personnel, the Sitka Wood Utilization Center, and the University of Alaska Fairbanks Sitka Forest Product Program.



China Forest Products Trade Mission, August 2005: Wen Chen, Director of Fujian Entry-Exit Inspection and Quarantine Service of People's Republic of China; Zhiguo An, Deputy Director of Liaoning Entry-Exit Inspection and Quarantine Service; Mingkun Ni, Deputy Director of Fujian Entry-Exit Inspection and Quarantine Service; Dejin Li, Deputy Mayor of Putian Municipality; Jingui Yuan, Economic Consultant, Putian Municipality; Lt. Governor Leman; Jack Phelps, Forest Products Specialist, Alaska Department of Commerce, Community & Economic Development; Doug Warner, Manager, Inspection and Marketing, Alaska Division of Agriculture; Chuck Becker, Director, Alaska Export Assistance Center.



Anchorage Convention and Visitors Bureau and the Alaska Travel Industry Association trade mission to China included meetings with the major travel organizations in China: China Travel Service, China International Travel Service and China Youth Travel Service. Pictured (l to r) Stone Wang, State of Alaska China Trade Representative Yingdi Wang, China Travel Service Senior Manager of America and Africa Area Operation Lihua Li; Anchorage Convention & Visitors Bureau Vice President David Kasser; China Travel Service Vice General Manager of Outbound and Domestic Zhizhong Wei; Phillips Glacier Cruises and Tours Manager of Marketing & Sales Marsha Barton; China Travel Service Vice Manager of America and Africa Area Operation Yanwei Liu; China Travel Service American Section Business Manager Denny Hoo; Alaska Heritage Tours' Ethan Tyler; and Alaska Travel Industry Association Trade & International Marketing Manager Andrew Larsen.



Alaska Seafood Marketing Institute's booth at the China Fishery & Seafood Expo 2005, which took place in Qingdao, China.

China

China's opening up to the world trade in the last three decades continues at a rapid pace. The country's GDP grew 9.8 percent in 2005. Alaska's exports to China increased significantly in 2005, up 40 percent to \$337 million of seafood, minerals, fertilizer, and forest products.

Alaska's seafood exports to China more than doubled from two years ago to \$241 million. Exports of fishmeal for animal feed increased to over \$24 million. Alaska is supplying over 70 percent of U.S. seafood exports to China. Much of the seafood exported to China is reprocessed for re-export to Japan, Europe, and the U.S. and demand for those products is growing. Alaska seafood is also available in western style supermarkets in a growing number of major cities in China. As China's urban consumers become increasingly affluent, the opportunities for Alaska seafood in China will expand.

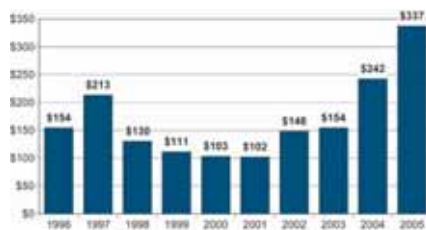
Alaska Seafood Marketing Institute has a representative in Shanghai. The ASMI trade rep connects Chinese buyers and Alaska producers, conducts Alaska seafood promotions in restaurants and grocery stores, and works closely with buyers and media to educate about the availability and superior quality of Alaska's wild seafood products.

To see the USDA Foreign Agricultural Service's 2005 annual report on China and fishery products, see <http://www.fas.usda.gov/gainfiles/200512/146176488.pdf>

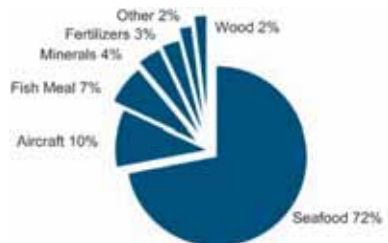


Charles Abernathy, Associate Director of the Washington DC Office of the Governor, spoke at the opening ceremony of the log fumigation facility in the Municipality of Putian in Fujian Province, China, February, 2005. Alaska logs are fumigated at the Putian facility. Photo by Yingdi Wang.

Alaska's Exports to China
Yearly Totals • In Millions



Alaska's Exports to China
2005



Alaska exported \$13 million of zinc and lead ore to China in 2005.

Forest products increased significantly in 2005 to \$7.6 million from less than \$3 million in 2004. Over several years, Alaska has worked to find solutions to China's log fumigation requirements that had negatively affected Alaska's log export ability. Alaska's forest products industry is working closely with state and federal officials to clear the way for increased round log export to China in two ways.

First, Alaska has worked with U.S. federal phytosanitary officials and their counterparts in China so that both sides allow third-country fumigation of logs. Log fumigation is not practical or economic in Alaska's logging sites.

Japan

continued—

Alaska forest products export to Japan increased 10 percent to \$62 million in 2005. This increase in value is welcome against a backdrop of challenges for Alaska's forest products industry. Alaska's log producers compete with Canada, Finland, the Baltic countries, Indonesia, New Zealand, and Russia for a share in Japan's changing market for wood products. Trends in Japanese construction have altered and consumer preferences have shifted. Japanese sawmills have closed as a result of competition from China's mills.

Alaska exported \$203 million of petroleum products to Japan in 2005. \$136 million of the total petroleum products export value was liquefied natural gas from the Kenai Peninsula plant owned by Marathon and ConocoPhillips. The LNG loading facility in Nikiski, Alaska and the regasification facility in Negishi, Japan were the two terminals that pioneered LNG marine transport in 1969. Alaska LNG export to Japan has been continuous since then. The current LNG contract is for five years, 2004 through the first quarter of 2009.

Japan is Alaska's number two international visitor market. Both Alaskan Vacations and Japan Air Lines operated charter flights in summer 2005. In December 2005 Japan Air Lines also began a series of winter charters, directly flying Japanese visitors to Fairbanks for the exceptional aurora borealis viewing opportunity in interior Alaska.



Japanese consumers' interest in Alaska is evident not only in the state's major industries like seafood and tourism, but also in niche market products. Alaska Glacier Cap, a bottled water from Anchorage, has been successfully imported by Frontier Alaskan Co., Ltd., since 2003. Glacier Cap is sold in the BPQC2 section of Isetan, one of the high end Tokyo department stores. Pictured: Miaki Umino, sales manager of BPQC2; Yoshiko Nakamura, president of Frontier Alaskan Co., Ltd.; and Mariko Kuroda, Alaska's deputy trade representative in Japan.

ALASKA/JAPAN HISTORY

The lumber and pulp mills in southeast Alaska came into being in the 1950's because of Japan and the Alaska Pulp companies. The 1960's saw important developments between Japan and Alaska beyond these initial forest products investments. Japanese businesses with interests in the state founded Alaska Kai, an association to promote trade with Alaska, in 1963. In 1965, the State of Alaska stepped forward and became the first state to open a trade office in Japan. Shortly after, Japan became the first foreign country to establish a consular presence in Anchorage.

The world's first liquefied natural gas shipments were pioneered in 1969 from Alaska's Kenai Peninsula terminal to Japan and continue today. Also in 1969, a joint venture between Mitsubishi Gas Chemical Co., and Union Oil created an ammonia and urea fertilizer factory in Kenai, which is now owned and operated by Agrium. Japan participated in the building of the Alaska oil pipeline by supplying 500,000 tons of steel pipe.

Japanese corporations like Nippon Suisan, Maruha, Marubeni and Nichiro have invested significantly in Alaska's seafood industry for many years. An interesting development in 1998 occurred when the Japanese government contributed \$20 million towards the construction of the International Arctic Research Center at the University of Alaska Fairbanks. The Center studies a wide array of arctic issues, including global climate change.

Today's ties are more diversified than ever. The list of investments in Alaska remains long, from seafood to mining, international aviation and the Alyeska Resort. Japan maintains a fulltime consulate office in Anchorage.



For the first time ever, Japan Airlines operated summer passenger charter flights to Fairbanks in 2005, enabling Japanese visitors to make the most of their time in Alaska with one way itineraries that begin in Fairbanks and end in Anchorage (and vice versa).

Korea

Alaska's exports to Korea increased 17 percent to a record high \$684 million, fueled by significant growth in export of seafood. Approximately half of Alaska's exports to Korea are seafood; Korea plays an important role in brokering Alaska seafood products to other Asian markets. The port of Busan is an increasingly important point for pollock roe grading.

Alaska seafood promotions continue to be popular in Korea. In 2005 promotions were held with hotels, distributors, department stores, and a chefs' association.

To see the USDA Foreign Agricultural Service's annual report on Korea and fishery products, see <http://www.fas.usda.gov/gainfiles/200511/146131463.pdf>

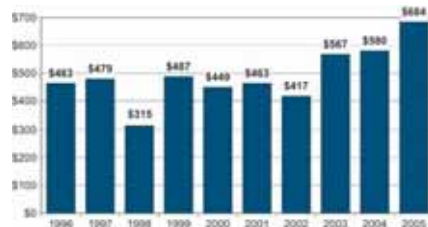
Korea was the largest single market for Alaska's exports of fertilizer in 2005. The fertilizer export to Korea totaled \$174 million. Agrium's plant is at tidewater on the Cook Inlet where product can be loaded on ocean-going vessels for direct shipment to international markets. In 2005, fertilizer was shipped directly to Korea, Mexico, Chile, and China.

Alaskan coal from Usibelli Coal Mine at Healy has been exported to Korea since 1985 via the Alaska Railroad and the Seward port. Exports of coal to Korea were \$10 million in 2005. In Korea, approximately 22 percent of energy needs are met by coal.

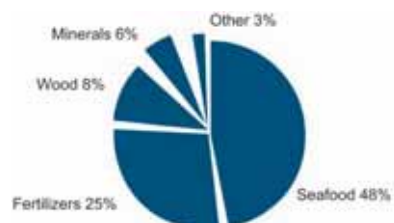


Exports of coal to Korea were \$10 million in 2005. Photo by Chris Arend courtesy of Usibelli Coal Mine.

Alaska's Exports to Korea
Yearly Totals • In Millions



Alaska's Exports to Korea
2005



Agrium Kenai Nitrogen Operations, a manufacturer of agricultural chemical fertilizers, is located on Cook Inlet. In the distance, Mount Iliamna (center) and Mt. Redoubt (far right).

Against a backdrop of China's log fumigation requirements and Japan's declining number of sawmills, Alaska's 2005 forest products exports to Korea increased 48 percent to \$55 million.

Exchanges between Korea and Alaska occur several times a year. In 2005, the Chairman of one of Korea's largest conglomerates, Daesung Group, Young-Tae Kim, and former Ambassador Sung Chul Yang visited Alaska to learn more about energy investment opportunities in coal, oil and gas. Senator John Cowdery and Representative Vic Kohring visited Seoul. In June 2005, the Department of Commerce, Community & Economic Development organized a Korean seafood buyers' conference in Anchorage. In September 2005 Anchorage Mayor Mark Begich and a delegation from Anchorage visited Incheon, Korea for the dedication of the Anchorage Sister Cities jade monument.

The State of Alaska participated in the Investment Opportunities Forum at the Asia Pacific Economic Cooperation (APEC) meetings in Busan in November, 2005. The APEC Economic Leaders' Summit was attended by Presidents Bush, Roh, Hu and Putin, and Prime Ministers Koizumi and Martin. The United States used its investment opportunities session for presentations from states on a variety of topics such as resource development, foreign direct investment, corporate relocation, and trade opportunities.

Korea is an important market for the Alaska visitor industry. In 2005, the Governor led a successful team effort to convince U.S. Embassy officials in Seoul to establish an Alaska Explorer Visa Program (AEVP) for Korean travelers. The new program, designed by Ted Stevens Anchorage International Airport and the Alaska Travel Industry Association, provides a guaranteed number of visa interviews at the U.S. Embassy for Alaska-bound visa applicants. Twenty Korean travel agencies are participating in the program which was approved by the Embassy in spring 2006. In other welcome news for Korean visitors to Alaska, Korean Air initiated summer passenger charter service between Seoul and Anchorage in 2005.



Korean Air representatives from the airline's Anchorage operations attended the Alaska Fur & Ice International Dinner in Fairbanks: (l to r) Maintenance Manager Hyun Seob Kim, Regional Manager Dae Chul Lee, Passenger Sales Manager Thomas Kuk, Customer Service Manager Annie Son, Nancy Murkowski and Governor Murkowski



State of Alaska Trade Specialist Shelley James spoke during the U.S. state sessions at the APEC Investment Presentation in Seoul in November, 2005.



Executives from 12 Korean tour operators and officials from the U.S. Embassy, Ted Stevens Anchorage International Airport (TSAIA) and the Alaska Travel Industry Association (ATIA) at the April 2006 signing ceremony for the new Alaska Explorer Visa Program. The tour operators included Focus Travel, Freedom Travel, Hana Tour, Hanjin Travel, Honeymoon Resort, Hyundai Dream Tour, Kaya Tour, Lotte Travel, Mode Tour, Pan Korea, Sejong Travel and SK Tourvis. Key leaders on the project from the U.S. Embassy and Alaska include (front row third and fourth from left) U.S. Commercial Counselor Helen Hwang, TSAIA Marketing Manager Linda Close, (back row, fourth and fifth from left) ATIA Chief Operating Officer Ron Peck and U.S. Consul General Michael Kirby.