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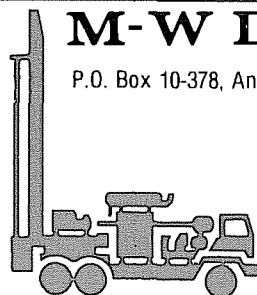
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## RDC Opens Award Nominations

The Resource Development Council for Alaska, Inc., at a spring forum luncheon in Anchorage, April 20, will again present its annual Environmental Enhancement Award.

Nominations for the Environmental Enhancement Award must be submitted by Wednesday, April 11. Nominations may be made by a private or public organization or any individual.

Given in recognition of an individual, community or organization's outstanding efforts to improve the quality of life through well planned economic development, the Environmental Enhancement Award last year was given to the Fairbanks Development Authority and the City of Alakanuk. Send nominations, which should include details of the project and brief background information, to RDC, 444 W. 7th Avenue, Anchorage, AK 99501.

## Conference . . .

(Continued from page 5)

largely responsible for closing 70 percent of federal lands to mineral exploration and embroiling much of the coastline in bans on oil development.

"As a result of the regulations and restrictions arising from the environmental movement, America is in hot pursuit

of resources in the Middle East, Africa, Southeast Asia and other hotspots around the globe.

## Jones Act . . .

(Continued from page 5)

Alaska shouldn't have to pay the greatest share of the price in subsidizing coastal shipping."

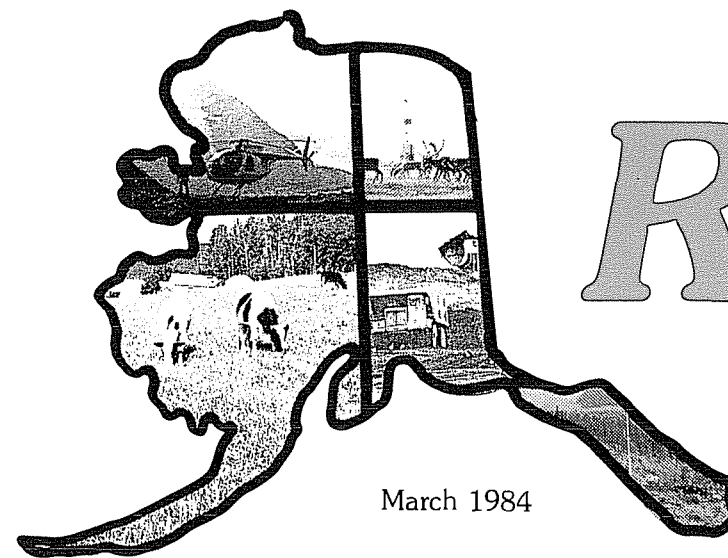
Merdes cited a study released by the Alaska Statehood Commission that revealed the Jones Act costing each Alaskan over \$1,000 annually in higher living.

Merdes also noted when shipping Alaska oil to the Virgin Islands in a non-Jones Act vessel, travel costs on the route around the Cape of Good Hope is far less than that for a Jones Act vessel through the Panama Canal.

The Fairbanks attorney also claimed the Jones Act is largely responsible for a drastic drop in the U.S. share of shipping lumber products from the Northwestern part of the U.S. and Canada to the East Coast. He said that since the Act will likely not be repealed, it should at least be amended.

Merdes proposed changing the Act to allow foreign crews on ships and permit the purchase of foreign vessels for American trade. He admitted such changes would come at a price, but would make shipping more competitive with overall positive effects on the U.S. economy.

RDC  
Annual Meeting  
Friday, April 20



March 1984

# Resource Development Council for Alaska Inc. Resource Review

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### Message From The Executive Director

By Paula P. Easley

## Trade Mission

Recognizing the important role international trade plays in Alaska's economy, the Resource Development Council has organized its first mission of business and labor leaders to visit three key Pacific Rim countries this May. Targeted countries are Korea, Japan and Taiwan, with the schedule allowing about five days in each.

Purposes of the trade mission are to (1) ascertain from business leaders abroad their specific recommendations for enhancing Alaska's international trade policy, (2) educate ourselves concerning the social, cultural and political aspects of doing business in the Orient, (3) develop relationships with potential investors and trading partners in pursuit of trade expansion, and (4) convey to potential trade partners information on Alaska's resources and Alaska's willingness to participate in projects of mutual interest.

There are still several seats available on the tour which costs about \$1,700 per person (double occupancy), so call us if you plan to participate. Dates for the mission are May 12 through the 27th.

RDC's Industrial Development and International Trade Division headed by Larry Dinneen is coordinating the project. M.A. Higgins of Planning and Management Consultants, was appointed by Dinneen to implement it.

A broadly-based group of Alaskans having both general and specific interests in promoting foreign trade has signed up to participate. Passports and visas are being acquired and briefing sessions are being held to assure we properly conduct ourselves and know the basics about each country. It is truly a learning experience.

In line with this education process, RDC is working with several other organizations to sponsor a seminar in late April or early May which deals with strategies for doing business in Asian countries. We are negotiating with James Simmons and Stephen Willard of Asian Business Consultants out of Portland to conduct the seminar and will give you details later. Do take advantage of this grand opportunity to expand your horizons. Who knows what the future will bring regarding your business opportunities?

**COVER:** Nearly 750,000 visitors annually are expected to visit Portage Glacier by 1990. A new visitor center is expected to open at Portage Lake within two years. See story Page 6.

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**Resource Review** encourages its readers to submit articles, announcements and letters to the editor for publication. Send all correspondence to Resource Development Council, Resource Review, Box 100516, Anchorage, Alaska 99510.

#### Resource Development Council, Inc.

The Resource Development Council (RDC) is Alaska's largest privately funded non-profit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

RDC invites members and the general public to its weekly breakfast meeting featuring local and nationally-known speakers on economic and resource development issues. The meetings are held on Thursday at 7:15 a.m. in the Rony Room of the Pines on Tudor Road. Meeting charge is \$2 and reservations are requested by calling 278-9615.

#### Membership Information

The Resource Development Council extends an invitation to all persons interested in the responsible development of Alaska's resources to join the Council's efforts. For membership information, contact:

- Mike Abbott  
Financial Development Director
- Executive Committee Officers**
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- Vice President..... Robert Swetnam
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  - Administrative Manager..... Mary Holmes
  - Public Relations Director..... Carl Portman
  - Research Analyst..... Larry Hayden
  - Financial Development Director... Mike Abbott
- The RDC business headquarters are located at 444 West 7th Avenue in downtown Anchorage.

# Corps To Revise Permit Program

by Kevin L. Heron,  
Pacific Legal Foundation, Washington D.C.

The United States Army Corps of Engineers will soon be revising its Section 404 permit program which regulates the discharge of dredged and fill material into waters of the United States. These revisions, which will result from the settlement of a lawsuit lodged against the Army Corps in 1982, should be of interest not only to those actively involved in dredge and fill activities but to anyone who has ever contemplated filling in a backyard swamp.

The Clean Water Act has as its intended objective the preservation and restoration of the quality of the nation's waters. Section 404 of the Act requires the Army Corps to regulate, by way of a permitting program, the discharge of dredged and fill material into various waters of the United States.

In 1982, 16 environmental organizations, including the National Wildlife Federation and the National Audubon Society, filed suit against the Army Corps challenging several nationwide general permits which had been issued under the Army Corps' Section 404 program. (**National Wildlife Federation v. Marsh.**) The Resource Development Council for Alaska, represented by Pacific Legal Foundation, successfully intervened in this case in 1983 in support of the Army Corps' position.

Under a nationwide general permit, an individual may discharge dredged and fill material into various aquatic areas, particularly wetlands, without undergoing the detailed review and analysis performed by the Army Corps when an individual permit is required. These permits are generally referred to as "categories of waters" permits and are primarily intended to exempt minor discharge activities from unnecessary government regulation.

In February of this year, the lawsuit was brought to an end pursuant to a settlement agreement which will require the Army Corps to make a number of revisions to its Section 404 permit program. More specifically, the categories of waters permits will be modified so as to require individuals acting under general permits (permittees) to give pre-discharge notice to the Army Corps before engaging in discharge activities which will cause the loss or substantial adverse modification of more than one acre but less than ten acres of waters of the United States, including wetlands. It is the position of Pacific Legal Foundation, which has represented RDC in this case, that this rather low threshold for reporting is not warranted in terms of environmental effects, particularly in a state such as Alaska where there are approximately 220 million acres of wetlands. For activities resulting in the loss or modification of more than ten acres of water, an individual permit will automatically be required. This arbitrary acreage limitation is likewise unjustified.

The agreement also requires the Army Corps to provide various resource agencies such as the United States Fish

and Wildlife Service, United States Environmental Protection Agency, and state natural resource agencies the opportunity to comment on any proposed discharge activity of which the Army Corps is notified. If the Army Corps disregards the recommendation of an agency to require an individual permit in a particular case, it must indicate its reasons for doing so in writing. This process is likely to result in a far less efficient Section 404 program. The inclusion of so many particularized interests into the permitting program can only lead to a more complex and confusing process which will undoubtedly result in substantial costs and burdens to the general permittee.

According to the settlement agreement, once a permittee has given notice to the Army Corps of a potential discharge, the activity may not be undertaken unless the district engineer so authorizes in writing or unless 20 days have passed from the district engineer's receipt of the pre-discharge notice. The district engineer may, however, simply notify the permittee that an individual permit **may** be required, without establishing any time limitations on when a final decision will be made, thereby halting the permittee's discharge activity indefinitely. The potential for inordinate delays under such a procedure clearly frustrates the congressional intent to streamline the permitting process under general permit programs and will ultimately take its toll on individuals involved in minor discharge activities.

In addition to the above revisions, the new regulations will also encourage, and in some instances require, district engineers to add special conditions to various activities performed under general permits. The regulations will specifically recognize the preservation of wetlands and special aquatic areas as a "significant issue of overriding national importance" despite the fact that Congress never intended that the Clean Water Act be used for wetlands preservation.

Overall, the new regulations will likely result in a more burdensome Section 404 permit program, contrary to this administration's mandate for regulatory reform. Unless a concerted effort is made to dissuade the Army Corps from adopting many of the revisions outlined above, this burden will most assuredly fall on the individual permittee engaged in minor dredge and fill activity.

PLF, on behalf of RDC, will be filing comments on the proposed regulations, which are likely to be issued within the next 30 days. It is expected that the Army Corps will provide a public comment period of approximately two months. RDC members are encouraged to submit comments on the proposed regulations directly to the Army Corps. In order to aid PLF in preparing its comments, RDC members should also submit a copy of their comments to PLF, 444 W. 7th Avenue, Anchorage, Alaska 99501.

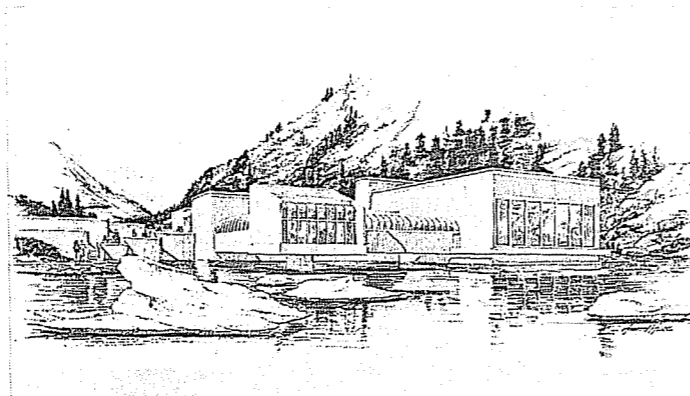
## Portage Glacier Center to Boost Tourism

A new 10,000 square foot multi-million dollar visitor center built partially over Portage Lake, is projected to be Alaska's most popular tourist facility when it opens in two years. By 1990, the facility is expected to draw over 750,000 visitors annually.

Planning for the new Begich, Boggs Visitors Center began in the mid-1970s and culminated in 1982 with an \$8 million design package developed by Seattle-based consultant Kramer, Chin & Mayo. Construction work on the new center is to begin this summer, but because of the severe climatic conditions of Portage Valley, the center will not be completed until the 1986 tourist season.

The Begich, Boggs Visitors Center is to be ten times the size of the current facility constructed 23 years ago. The new facility will accommodate over 400 people at one time, including a 200-seat theater.

Plans call for exhibits, displays and a 20-minute film explaining the development of glaciers and the succession of flora and fauna on the land after glaciers recede. The exhibits will lead the visitor from the building to other inter-



An artist rendition of the new Portage Glacier visitor center.

pretive and recreational opportunities in Portage valley and the Chugach National Forest.

The location of the visitor center in Portage Valley is ideal to serve recreationists traveling to the Kenai Peninsula.

## Fairbanks Forms Council On Economic Policy

The Fairbanks North Star Borough is developing a Council on Economic Policy to promote a stable and diversified economy in Fairbanks to enhance the quality of life while protecting individual and diverse lifestyles.

As part of its three year mission, the Fairbanks council will produce an economic policy statement, advisory reports and hold numerous economic seminars.

According to Karen Burke, a research analyst for the borough, the council is developing position papers on ten economic sectors that will be used to develop the policy statements.

The major purpose of the nine-member Council on Economic Policy is to "consider the economic future of the Fairbanks North Star Borough with a view to improving its economic condition consistent with insuring the satisfaction of the social goals of its residents." Economic development planning undertaken by the Council will be intended to bring about a lasting change in the Interior economy with an increase in the quality of life.

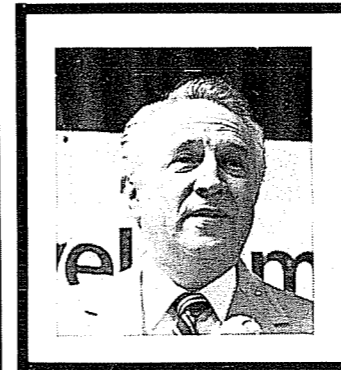
An ordinance establishing the Council recognizes that Fairbanks economic growth depends upon the development of natural resources, and that such growth also originates through internal forces, such as technology and well-developed community services and facilities.

Within one year, the Council hopes to bring three new industries into the Fairbanks area.

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## A Letter From Our President

By  
Charles R. Webber

### Finland

Another country is looking at Alaska seeking information and knowledge about our State. Finland recently sponsored a business seminar in Helsinki to acquaint Finnish business with the West Coast of the United States and Alaskan opportunities. It is wise for countries to note the shift in business that is occurring in the United States . . . from east to west . . . and to look at the business Pacific Rim nations are providing western states.

Finland shares a portion of its border with Russia and has been able to maintain considerable trade with that country even though there has not been a record of tolerance between the two countries historically. A good portion of that trade has been the exchange of Russian oil for Finnish expertise in shipbuilding and arctic technology. The Finns have developed considerable skill in the design and building of ice compatible ships and load-unload facilities that may have implications for resource development in Alaska.

Finland has many niche industries in which it has excelled, some in the area of design and production. The Finnish ethic appears to be quality and independence in thought and action.

The United States is fortunate to have friends in Finland and an Ambassador who is very warm to our state. We hope that Ambassador Nyborg, who is well respected in Finland, will visit us in the not-too-distant future and continue to increase the Finnish-Alaskan exchange of information.

## Shelby Stastny Appointed RDC Treasurer

Shelby Stastny, a senior tax partner in the Anchorage accounting firm of Arthur Young & Company, has been named treasurer of the Resource Development Council. Stastny, who was also appointed to the Council's Executive Committee, replaces Darrel Rexwinkel who resigned from the post earlier this year.

As treasurer, Stastny is responsible for maintaining an accurate accounting of all funds received and expended of the non-profit Resource Development Council. In his voluntary service position, Stastny is under the supervision and direction of the 22-member Executive Committee.

Stastny has over 20 years of professional experience in advising a variety of clients on tax matters. This experience includes tax planning and compliance in numerous areas, including corporation, individual, partnership, non-profit corporation and real estate taxation financial matters.

He received his bachelors degree in accounting from the University of Utah. He is a Certified Public Accountant in the states of California and Alaska and a member of the CPA societies in both states.

Stastny has served as president of Common Sense for Alaska and the Alaska Society of CPAs.

## Caribou Decline Addressed

The decline and continued low population level of the Denali caribou herd is likely caused by natural predators, not mining activity in the area.

According to the special study committee sponsored by the National Park Service to analyze the decline of the herd, bears and wolves are the likely cause of the low calf crops.

The Committee noted that predation on very young calves is difficult to determine as calf carcasses, which are hard to see from aircraft, are rapidly consumed by wolves and bears. But, it did arrive at the opinion that "all existing human-related disturbances to the herd, including mining and research studies, were probably not important causes of the herd's population decline."

The herd was crudely estimated at 30,000 in 1943, but declined to about 8,000 by 1967, and 1,200 by 1974. Calving ground counts from 1976 to 1983 suggest a further downward trend of about five percent per year. Opponents of mining in the Kantishna area have claimed that human activity is largely to blame for the decline.

The National Park Service committee represented four federal and state agencies and two universities. It included some of the most experienced caribou researchers in North America.

# A Northern Development Strategy International Conference On Alaska's Resources

Any sound policy for development of natural resources in Alaska must revolve around safety, need and feasibility, Alaska Governor Bill Sheffield pointed out to 400 delegates attending the Resource Development Council's International Conference on Alaska's Resources February 15-16 in Anchorage.

Sheffield said those concerns are at the center of his administration's plans for state purchase of the Alaska Railroad.

The Governor said he believes the railroad is environmentally sound, needed by state residents and is feasible for moving resources to market. But, the answers to those basic questions — safety, need and feasibility — are not always that easy to reach, as they are in the case of the railroad.



Sheffield

"That's another way of saying that every development project entails a certain risk. If the risks are too great, or the uncertainties too many, then any prudent investor will wait or look for a better investment elsewhere," the Governor said.

In addressing the projected decline in Prudhoe Bay revenues later this decade, Sheffield announced that he would like to set aside money in a voter-approved fund for building major projects. The Major Projects Fund would set aside ten percent of Alaska

petroleum revenues each year for the next five years.



Vasey

Speaking on the strategic importance of Alaska's resources, Admiral Lloyd Vasey, president of the Honolulu-based Pacific Forum, said that the highest national priority needs to be given to the potentials for mineral development in Alaska. He made this recommendation in light of the problems involved, the economic,

technical and financial considerations, and the government controls which now hinder development of this potential.

Vasey pointed out that the Soviet Union is giving top priority to development of its resources in Siberia. Its 15-year development plan seeks to develop the vast deposits of gas, hydrocarbons and minerals in the Arctic.

In a keynote address, Joseph Gughemetti, president of the American Land Alliance, warned that

policies restricting the development of America's own resources will inevitably result in a resource war between the superpowers over the strategic and critical resources of the Middle East.

Gughemetti insisted that environmentalists have systematically closed down America. He contends that the environmental movement is



Gughemetti

(Continued on page 8)

## Alaska Must Realize It's An Oil State

A \$41 billion investment into Alaska projects by the oil companies over the past 25 years has translated into billions of dollars in revenues to state government, transforming Alaska into an oil state.

Addressing the petroleum industry's emergence as a resource supplier at the International Conference on Alaska's Resources, Dave Harbour, Atlantic Richfield's Alaska Government Relations Director, pointed out that the prosperity of the oil industry is a barometer of total state prosperity. Over 85 percent of all state revenues are directly tied to this industry.

As a result, local government, educational institutions at all levels and other state industries such as timber, mining

and fisheries, are all dependent upon the oil sector. So are employees of state government and support industries.

Harbour explained that such dependencies occur since all of these industries and entities receive direct financial aid from a variety of state government sources which themselves are dependent on oil revenues. Without oil revenues, Harbour warned that state and municipal governments would be looking more to them for support which could make much of their current efforts uneconomical.

The ARCO official stressed that Alaska must recognize itself as an oil state, and devise policies and regulations which encourage or at least minimize discouragement of expensive investments.

## Repeal of Jones Act Debated

The Jones Act is essential for the continued existence of a strong U.S. merchant fleet and shipbuilding industry, said U.S. Maritime Administration official Gary Misch in a debate with Fairbanks attorney Ed Merdes on repealing the Jones Act.

Misch, Assistant Administrator for Marketing and Domestic Enterprise, told some 400 persons attending the International Conference on Alaska's Resources that a strong merchant marine, under the protected economic environment of the Jones Act, provides reliability and continuity of domestic transportation.

Misch said the Jones Act also benefits public revenues from substantial corporate and individual income taxes and

serves the U.S. international balance of payments by having several billion dollars of annual domestic waterborne freight charges remain within the country rather than being exported.

The Jones Act and related cabotage laws require that ships traveling between U.S. ports be American owned and operated under the U.S. flag. The Act also requires that the ships be U.S. built and manned by American crews.

In response, Merdes blasted Misch, condemning the Act as "specialized treatment" and a monopoly for the shipping industry between Seattle and Alaska. He insisted that if the nation continues to maintain the Jones Act, "then

(Continued on page 8)

## A Foreign Perspective On Resource Needs of Trading Partners

If Congressional approval was granted on the export of Alaska crude to Japan, the exports would not only have constituted the most immediate feasible export of Alaska energy resources, but would also have been one of the most effective measures undertaken to correct the lopsided balance between U.S. and Japanese trade, said a Japanese business executive at the International Conference on Alaska's Resources.

Hideo Matsumura, General Manager of the Gas Department of C. Itoh & Company, told conference attendees that from a Japanese perspective, Alaska could further its

standing as a resource supplier to the Pacific Rim by implementing equitable tax treatment, involving a rescinding of the unitary tax provisions. Other measures outlined included subsidy arrangements, provision of operating sites and continued improvements to the overall infrastructure.

Competition with Australian coal, on which Japan relies for almost half of its imports, will be a crucial factor in evaluating Alaskan coal, Matsumura said.

One of the considerations, Matsumura said, is that Beluga coal has a low caloric value. Because Japanese users have no experience with this

type of coal, new combustion would be necessary. Yet the distinct advantage in terms of political stability and the relatively short distance for marine transport to Japan could position Alaska high on the list of potential supply sources for the 1990s, said Matsumura.

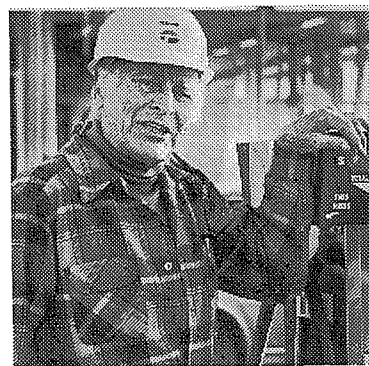
A Chase Manhattan Bank official also was very positive in describing Alaska's potential — particularly in attracting capital for large-scale resource development ventures.

William Mulligan, Vice President and Senior Technical Director of the Global Mining and Metals Division, said Alaska is a viable alternative for

international investors to other developing mineral producing areas of the world who through political mismanagement are now dissuading capital, not attracting it. Alaska can and should be the alternative for the resource investor, Mulligan said.

He pointed out Alaska can enhance its financial profile by early and organized prioritization of projects. Another is tax regime modifications.

"The developers and financiers all would at this time, given the evaporation of economic rent elsewhere, see this as an extremely positive step, Mulligan said.



# "We're Energizing Alaska!"