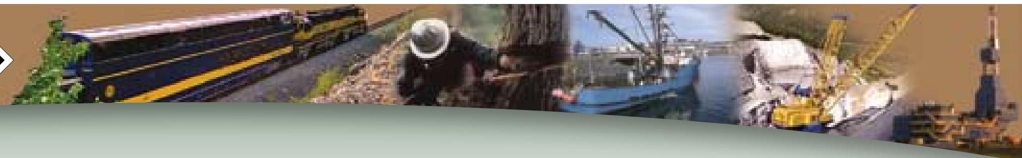
RESOURCE*review*

akrdc.org

A periodic publication of the Resource Development Council for Alaska, Inc.

October 2008



Dutch Harbor is the epicenter of Alaska's fishing industry

By Marleanna Soto

In 2007, Alaska accounted for seven of the top 20 U.S. port landings by pounds of seafood, with Dutch Harbor leading the entire nation for the 19th consecutive year. In terms of the value of those landings, Alaska held eight of the top 20 U.S. ports in 2007.

Fishing continues to be Alaska's biggest export industry, with Japan as Alaska's largest customer. Last year, the value of the state's seafood exports totaled $1.9 billion.

These facts were among many brought forward to an early September trip to Unalaska by numerous RDC board members, guests and staff as part of RDC's annual community outreach tour.

The tour offered an opportunity for informal dialogue with representatives from all resource sectors, including fishing, oil and gas, timber, tourism and mining. Board members toured onshore and offshore fish processing plants, as well as community and industry infrastructure.

The RDC delegation met with local members, business leaders, the Ounalashka Native Corporation, and federal, state and local government agencies for updates on regional issues and projects.

Unalaska graciously welcomed RDC, hosting a reception with members of the City Council, local seafood processor management, and Unalaska Mayor Shirley Marquardt.

Marquardt expressed the community's desire for effective communication, noting the importance of building trust and discussion. She said Unalaska is interested in economic diversification, with proper protection of renewable resources. She

(Continued to page 4)

In This Issue

This edition sponsored by:
Carlile Transportation Systems & Wells Fargo Bank Alaska

Resource Development Council

121 W. Fireweed, Suite 250
Anchorage, AK 99503

(907) 276-0700
e-mail: resources@akrdc.org
www.akrdc.org

Material in this publication may be reprinted without permission provided appropriate credit is given. For additional information, contact newsletter writer and editor Carl Portman at cportman@akrdc.org.

Executive Committee Officers

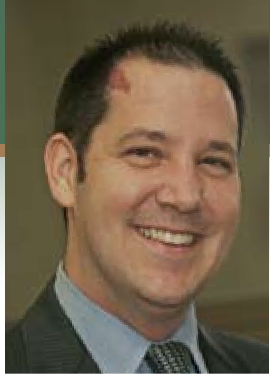
President	Rick Rogers
Sr. Vice President	Wendy Lindskoog
Vice President	Phil Cochrane
Secretary	Stephanie Madsen
Treasurer	Tom Maloney
Past President	John Shively

Staff

Executive Director	Jason Brune
Deputy Director	Carl Portman
Membership Director/ Projects Coordinator	Deantha Crockett
Projects Coordinator/ AMEREF Development Director	Marleanna Soto

The Resource Review is the official periodic publication of the Resource Development Council (RDC), Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in a responsible manner and to create a broad-based, diversified economy.

Past issues of the Resource Review (1978-2008) are available at akrdc.org.



From the Executive Director - Jason Brune

Alaska's energy rebates and the need for a long-term plan

I've heard about a number of interesting ways that people are spending their energy rebates.

First, someone told me they plan on using their money for solar. That is, they are buying tickets to Hawaii this winter to soak up the sun. Another indicated they plan on upgrading the energy efficiency of a household appliance by buying a big screen television. Both great ideas, and probably a fair representation of how most people in Southcentral Alaska are using their additional $1,200.

In conversations I had with Chugach Electric Association, I was encouraged to hear that since the rebates were paid, they have more then doubled the number of members who pre-pay for the year. It is still fewer then 1,000, but it's a start. They also have had a number of delinquent accounts brought current, which essentially meets the goal of the rebates as well.

Coupled with the Permanent Fund Dividends, which were $2,069 per Alaskan, a family of four received nearly $13,000 from the State of Alaska. Seems quite extravagant, given we don't pay a state income or sales tax (the only state in the union to be so lucky), but I digress.

Given the recent decrease we have seen in federal dollars to Alaska, coupled with the Palin administration's goal of decreasing the need for federal earmarks to Alaska, this distribution of cash is not likely to be taken well by the Congress when additional funding requests are brought forward. And of course, Alaskans likely will expect additional "energy rebates" in the future, especially if the large surpluses we are experiencing this year continue. Sadly, when the lean years return, and they will return, well-intentioned social programs may compete with future energy rebates.

Now don't get me wrong, I recognize the cost of energy, especially diesel fuel and home heating fuel, is having a significant impact on Alaskans, especially rural Alaskans. Indeed, adequate and reliable supplies of energy and delivery are fundamental to economic and responsible resource development throughout the state. I just wish we could shift the Legislature's focus from short-term payouts to long-term, sustainable solutions.

"The state needs to provide a climate that encourages local energy development, be it natural gas/coalbed methane, geothermal, wind, hydro, coal, tidal, or others. The state must foster these opportunities and protect its interests."

Well, we'll have our chance. At RDC's conference this November 19-20, Steve Haagenson of the Alaska Energy Authority (within the Palin administration) will release details of its long-term energy plan. And in the months following, RDC will be actively engaged in debating and ironing out the details of this plan as it is presented before the Legislature.

A foundation of any plan, in my opinion, rests with local control. The state needs to provide a climate that encourages local energy development, be it natural gas/coalbed methane, geothermal, wind, hydro, coal, tidal, or others. The state must foster these opportunities and protect its interests. Too often, as local communities work to develop their energy resources, they have been squelched by the vocal minority opposition (for example, coalbed methane in the Mat-Su on state land).

My hope is that another core aspect of this plan will be efforts to encourage conservation, develop new technologies, and diversify Alaska's energy portfolio. We also cannot ignore current programs, such as Power Cost Equalization, or similar programs that might be developed to say, help with home heating fuel. Unlike across the board payments, such programs target Alaskans most in need.

I look forward to working with Steve and the Legislature on this important piece of legislation next session. While I'm at it, I wanted to revisit an idea I proposed last year for paying Alaskans each a Royalty Check rather than a PFD (see http://akrdc.org/newsletters/2007/december/executivedirectormessage.html)

As we encourage more investment in this state, more resources will be discovered and developed, and subsequently, our Royalty Checks would grow. Last year, our PFDs would have been 20% greater using this model. This year, they would have been 33% bigger, or $2,763.

It's worth repeating that as Alaskans responsibly develop more of their natural resources for the constitutionally mandated "maximum benefit of the people," our Royalty Checks would grow. Our legislators would be encouraged to pass laws and put smart tax policy in place to increase responsible resource development. If we just took this one small step, the growth of our royalty checks would replace the need for energy rebates.

In the meantime, I'm putting my energy rebate into re-NU-ables. That is, I'm taking my son to the NU-OU football game at the end of this month!

Go "Cornhuskers!"

Lease sale generates nearly $31 million in revenue

Five companies submitted winning bids totaling $30,961,806 for the right to develop oil and gas lease tracts in the National Petroleum Reserve-Alaska (NPR-A). The winning bids covered 150 tracts on approximately 1,656,574 acres of the 23 million-acre reserve. There are already 335 leases totaling over 3 million acres in NPR-A. Winning bids were received from Anadarko Petroleum, ConocoPhillips Alaska, Petro-Canada, FEX and Petro-Hunt.

The U.S. Geological Survey estimates that the entire NPR-A could contain as much as 9.3 billion barrels of recoverable oil and 59.7 trillion cubic feet of natural gas.

Alaska accounts for 8 of top 20 seafood ports in U.S.

Dutch Harbor led commercial fishery landings in 2006 and 2007 for the U.S. with 911.3 million pounds and 777.2 million pounds, respectively. The vibrant Aleutian community of several thousand is home to a number of large seafood processing plants. It is also an important service center for large freighter ship traffic between Asia and North America.

(Continued from page 1)

pointed out the community relies heavily on fishing, and won't sacrifice one industry for another.

RDC Board Member and Executive Director of the Alaska Oil and Gas Association, Marilyn Crockett, was among those who visited Unalaska to gain a better understanding of the fishing industry and to become more familiar with local issues when looking to develop other resources.

Unalaska's business leaders recognize that new development outside the fishing industry has the potential to bring new opportunities to their community and diversify the local economy.

The February 2008 record $2.6 billion OCS lease sale in the Chukchi Sea raises the need for expanded infrastructure in places like Dutch Harbor, for staging, transportation, and other oil and gas development needs.

RDC Board Member and Executive Director of the At-sea Processors Association, Stephanie Madsen, expressed support at the increased opportunity and need for infrastructure in Dutch Harbor, provided such development occurs in a way that mitigates impacts to other resource industries.

RDC Board Member and City of Unalaska Resource Analyst, Frank Kelty, discussed the impacts and importance of the fishing industry to Unalaska, including the approximately $10 million in taxes paid to the city annually. The industry creates opportunities for, and helps pay for a first-class school and community center.

Fishing and processing is the largest taxpayer and employer for many coastal communities in Alaska. The fishing industry generated over $65 million for the State of Alaska in 2007. The industry also accounts for a large number of jobs across Alaska.

Alaska's vibrant waters hold all five Pacific salmon species, from the delectable Copper River reds to the much sought after kings in the Kenai River. Fishing has been a vital resource for thousands of years, and with proper harvesting and adequate involvement of all stakeholders, will continue to be.

Alaska's largest (by volume) fishery is the Alaska pollock, mostly captured by way of Dutch Harbor. Historically, Alaska pollock has ranked second in world marine wild fisheries by volume. It is used for human food, fish oil, and fishmeal. All fish in Alaska's fishing industry, including pollock, is caught wild.

An important concern of Alaska's salmon consumers is the salmon bycatch numbers in recent years. The North Pacific Fishery Management Council and industry representatives have worked to reduce the number of salmon bycatch, with 2008's number down 77% from last year.

Other recent protections include provisions to fishing areas closed to trawling in the Bering Sea. The goal of the provision is to protect the sensitive sea floor, made up of corals and delicate vegetation, needed for future fisheries.

Fishing is becoming more environmentally responsive, economically stable, and innovative to develop a sustainable industry.

Greg Baker briefs his fellow RDC board members on the operations of the Westward Seafoods processing plant in Dutch Harbor. Pictured from left to right are Tom Maloney, Marilyn Crockett, Karl Hanneman and Baker. Nearly 30 RDC board members and guests toured the plant.

RDC 2008 Board Tour: Unalaska!

RDC board members tour the Northern Jaeger, an American Seafoods Company offshore processor. The Northern Jaeger was docked in Dutch Harbor, having just returned with a load of fully processed pollock, harvested from the Bering Sea.

More photos on page 9

At top left, Unalaska Mayor Shirley Marquardt and RDC President Rick Rogers visit at a reception hosted by the city. At center, Greg Baker gives a tour of the Westward Seafoods dock. Also pictured are board members Paula Easley, John Shively and Karl Hanneman. At right, Stan Foo and Glenn Reed visit. At bottom left, Stephanie Madsen briefs the board on the status of North Pacific fisheries. At left, Len Horst and Rick and Phyllis Rogers listen to RDC Unalaska Board member Frank Kelty brief the board at the site of a future small boat harbor.

Guest Opinion - *John Binkley*

Cruise ships invest hundreds of millions of dollars in water treatment technology, yet held to a higher standard in Alaska

Each year, the nine member lines of the Alaska Cruise Association (ACA) deliver 60 percent of the state's visitors to Alaska. These visitors spend millions of dollars to have a memorable experience in a beautiful, pristine environment.

To make sure our waste water discharges do no harm to the environment, the ACA member lines have invested hundreds of millions of dollars in new treatment technology and on-board recycling programs. While there is still progress to be made, we believe the Alaska cruise industry's environmental record is one Alaska should celebrate. And so do our state and federal regulators who say we "have performed with outstanding environmental results."

That's why we are so disappointed with the Large Commercial Passenger Vessel Wastewater Discharge General Permit issued last spring by the Alaska Department of Environmental Conservation (ADEC). This permit holds the cruise ships to a much different standard than it holds every other discharger in Alaska. While it may be technically possible to meet the standard, the practicality would be unattainable and the result would bring no discernible improvement to the environment.

The new permit measures effluent at the point of discharge instead of allowing a dilution zone - which every state in the United States allows - and State of Alaska statutes contemplate. This is a different standard from what's required for coastal communities or the fishing industry or the oil platforms in Cook Inlet.

And it's not what voters were told they were voting on in 2006.

The permit requirement is part of the cruise ship initiative that voters approved in 2006. That initiative imposed a number of environmental provisions, including one that requires ships to have a "discharge permit and meet all Alaska water quality standards."

Backers of the initiative repeatedly told voters that the ships would be held to the same standards that "every other industrial and municipal discharger" must meet, and that "no new permitting program is necessary."

"This permit holds the cruise ships to a much different standard than it holds every other discharger in Alaska."

Just days before the election, one initiative backer told the Alaska Journal of Commerce: "You have to play by the rules we have established for everyone.'"

That's fair, but the permit ADEC issued holds the ships to a much different standard, one that may cost Alaska communities, Alaska's own ferries and businesses.

Alaska's water quality standards contemplate the use of dilution factors, such as mixing zones or short-term variances. As ADEC explains on its website, mixing zones "are provided for by the Clean Water Act and used by every state in the nation. Without mixing zones, wastewater would have to be treated to the point where it could serve as a source of drinking water before being discharged and that just isn't feasible here or anywhere else. Sewage treatment plants and seafood processors in Alaska could not operate without a mixing zone."

And neither can we. So to meet the standards, ships will have to hold their wastewater discharges until they are out of Alaska waters. This will shorten the time in port, which may negatively impact Alaska businesses. It may result in fewer ports of call, which will financially harm port communities.

Alaska should hold cruise ships to the same stringent standards as its coastal communities. That's in Alaska's best interests. But it's not in the state's best interest to potentially shorten the time the cruise visitors have ashore or to eliminate some ports of call altogether.

Alaska needs to base its permits on sound science and common sense.

John Binkley is President of the Alaska Cruise Association and a member of the RDC Board.

A future for mining in Alaska

Alaskans soundly reject Ballot Measure 4

By Deantha Crockett

Pictured above is the Red Dog Mine's port on the Chukchi Sea.

Support for the mining industry in Alaska rang loud and clear in August when Alaskans soundly rejected Ballot Measure 4, billed as a "Clean Water Initiative" by its sponsors.

Opposition to the initiative was led by Alaskans Against the Mining Shutdown (AAMS), a group formed by the Council of Alaska Producers. AAMS staffed offices statewide and ran a strong campaign to fight the measure.

RDC worked closely with AAMS to coordinate efforts directed at convincing Alaskans that the initiative, if passed, could lead to a mining shutdown in the state and damage the economy.

A wide diversity of groups and businesses across the state also joined the effort, including the Alaska Federation of Natives, the Association of ANCSA CEOs, the Alaska Miners Association, the Alaska Oil and Gas Association (AOGA), the Alaska Forest Association, the Alaska Trucking Association, the Alliance, the Alaska State Chamber of Commerce and numerous local chambers.

RDC launched a statewide advertising campaign to educate the public about the ramifications of the initiative. Page-dominant ads ran several times in five newspapers across the state in the week leading up to the election. Executive Director Jason Brune participated in debates across Alaska and spoke before local civic organizations about the measure. On Election Day, RDC board members and staff waved "No on 4" signs at busy intersections throughout Anchorage, Fairbanks, and Juneau.

"The efforts put forth by our members and other organizations in opposing Ballot Measure 4 was nothing short of amazing," said Brune. "The outcome at the polls shows a respect and appreciation for Alaska's tradition of safe, responsible mining and the benefits the industry brings to the State," Brune added. "It also shows that Alaskans take seriously their responsibility in upholding the constitutional mandate encouraging development of Alaska's resources."

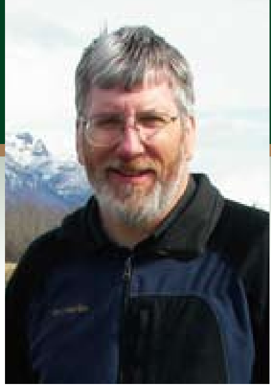
In an unprecedented move, AOGA passed a resolution opposing the initiative – the first non-oil industry resolution to be considered by the association.

"The use of ballot measures to enact laws governing technical matters such as water quality standards does not bring with it the necessary level of scientific analysis, nor does it provide the comprehensive scrutiny encompassed through the regular legislative or regulatory processes," noted AOGA Executive Director Marilyn Crockett. "Quite simply, it's bad public policy."

Even Governor Sarah Palin, whose family commercial fishes in Bristol Bay, came out against the measure. When asked in the days leading up to the election about how she would be voting on the measure, Governor Palin indicated she personally would be voting against it, citing her faith in Alaska's existing permitting process.

Proponents of the ballot measure claimed it was targeted at the proposed Pebble copper and gold mine in Southwest Alaska. They believed the initiative was necessary to protect the salmon fishery of Bristol Bay from Pebble. Yet the initiative made no mention of Pebble nor the Bristol Bay region.

Had the initiative become law, the State would have been required to revise already-stringent regulations, which ultimately could have blocked the development of new mines and expansion of existing mines. Current laws and regulations are set by scientific analysis and are approved by the state and federal agencies to protect the environment, wildlife, and human health.



Maximizing green infrastructure in Alaska

"The technology and options for how we burn wood have changed and this is where our greatest opportunity to grow the forest products industry exists."

A few months ago I came across a new term that sums up the importance of working forests to a community; the term is "green infrastructure." Towns have a number of components in their community infrastructure that range from the more traditional items such as utilities, roads, education, health and financial institutions to less tangible items such as quality of life and livability of a community. Is the community self-sustaining or does it depend entirely on external inputs to achieve stability? In today's world it's a balance of these two extremes that provide communities with the ability to adapt and be resilient.

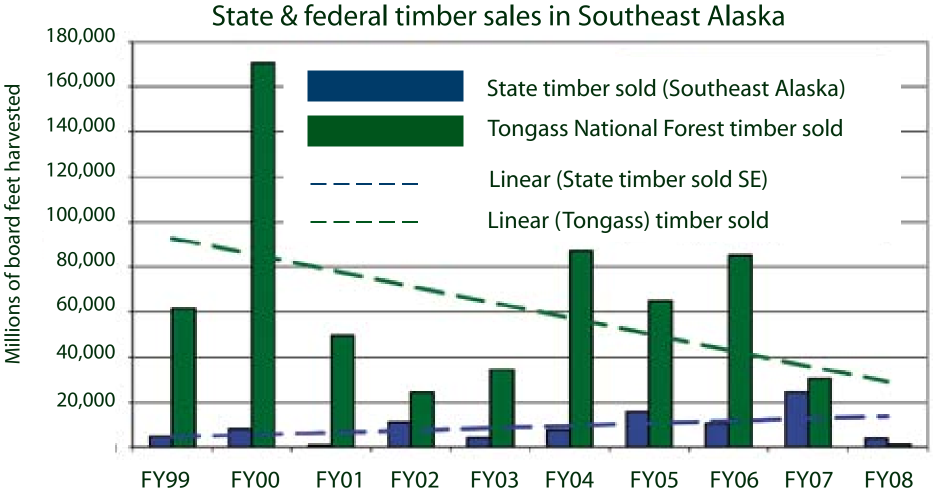
A town that depends on a single natural resource as its sole economic main stay, such as timber, fishing or mining, may be self-sustaining for a period of time, but has a greater risk to achieving sustainability in the long-term. The importance of a diversified economic base cannot be overstated and I'd like to describe how forest management and forest lands can play a central role in supporting vibrant communities across the state.

The recent run up in energy prices has the nation looking for other sources of energy. Biomass is playing an important role in diversifying the energy matrix of the country and our state. Through biochemical or thermochemical refining processes, wood biomass can be readily converted to several types of energy products, such as ethanol, bio-oil or syngas. As these technologies are further developed, there could be opportunities for their use in Alaska, but I believe our efforts should be focused on biomass combustion. The traditional way to convert wood to energy is to burn it. Wood can be combusted in several forms, but the most common are as solid wood rounds – think wood stove – or in wood chip or pellet form. The technology and options for how we burn wood have changed and this is where our greatest opportunity to grow the forest products industry exists.

Board of Forestry member Bill Oliver, commercial fishing representative, inspects wood chips at Pt. McKenzie.

(Photo by Dean Brown)

State & federal timber sales in Southeast Alaska



Federal timber harvest shown for FY 08 is not complete. Data portrayed is for the period Oct. 1 to Dec. 31, 2007.

As we consider biomass opportunities for our communities, we must keep two key components in mind, the scale of the project and the timber or biomass supply. A biomass facility can be as simple as a commercial- sized boiler that provides space heating to a school or group of public buildings, or as complex as a large bio-refinery or electrical utility that produces liquid fuels and/or electricity.

Communities around our state will determine the scale and type of operations that best fit their situation, and to help them visualize and understand the options available, the Division of Forestry teamed up with a number of partners in both the public and private sector to form the Alaska Wood Energy Task Group.

One of their early goals was to help identify, engineer and seek funding to move wood biomass projects forward and to demonstrate the feasibility of different technologies at a variety of scales and fuel types. A number of projects were completed last year and for the specifics please visit the following web link. (http://forestry.alaska.gov/pdfs/08DOF_AWEDTGBriefing.pdf)

Timber supply is frequently the Achilles heel of potential projects, and if it's not well researched and documented in a wood supply study, problems of sustainability and profitability can develop. The study should address both supply needs for the life of the project and the cost of delivering material to the biomass facility.

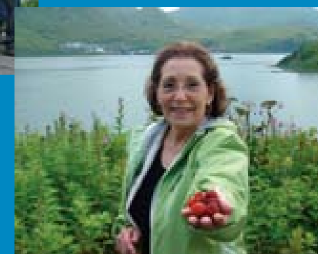
(Continued to page 9)

Unalaska photo album










Thank you Unalaska!

On behalf of the Board of Directors of RDC, we would like to thank the community of Unalaska for making our annual Board community outreach trip special. We would also like to thank the many sponsors, including Alyeska Pipeline Service Company, APL, Alaska Wireless, City of Unalaska, Dunlap Towing, Horizon Lines, Marine Conservation Alliance, Northern Mechanical, Ounalashka Corporation, Unisea and West Construction. In addition, we are especially grateful to Frank Kelty, Mayor Marquardt and the City Council for their many efforts and warm welcome.

Board members and staff attending the tour:

Rick Rogers, RDC President, Chugach Alaska Corporation
Stephanie Madsen, RDC Secretary, At-Sea Processors Association
Tom Maloney, RDC Treasurer, CH2M HILL
John Shively, RDC Past President, The Pebble Partnership
Jason Brune, RDC Executive Director

Greg Baker, Westward Seafoods
Bob Cox, Crowley
Deantha Crockett, RDC Staff
Marilyn Crockett, Alaska Oil & Gas Association
Paula Easley, Easley & Associates
Mark Eliason, USTravel
Stan Foo, Barrick Gold Corporation
Scott Habberstad, Alaska Airlines
Karl Hanneman, TeckCominco
Frank Kelty, City of Unalaska
Tom Krzewinski, Golder Associates
Karen Matthias, Consulate of Canada
Mary McDowell, Pacific Seafood Processors Association
Carl Portman, RDC staff
Glenn Reed, Pacific Seafood Processors Association
Danny Seybert, PenAir
Marleanna Soto, RDC staff
Jeanine St. John, Lynden

Southeast Alaska timber supply is a growing concern

(Continued from page 8)

Wood pellets are increasingly being used in wood stoves across Alaska as home heating costs rise. (Photo by Dean Brown)

One of the largest costs of this delivered wood is the transportation component. This is where the concept of green infrastructure in close proximity to a community can pay big dividends. Often wood "waste" is utilized from the existing wood industry as the first and cheapest source of biomass. Several projects in the state are utilizing sawdust, planner shavings and chips from edgings as feedstock for biomass boilers.

In Southeast Alaska the timber supply situation is a real concern. The volume sold from the Tongass National Forest has deteriorated for a host of reasons over the past decade. Despite the increase in volume sold by the state, there is not enough wood being sold to support the existing industry. This situation makes it difficult to plan for an expansion of biomass in this region from either waste wood or from new sales. A concerted effort by communities, state and federal resource managers, and conservation organizations is taking place to address this situation, and the outcome will determine whether the region's economic health will continue to decline or be able to recover an important element of its economic base. Through careful, managed utilization of local timber resources, Southeast Alaska's green infrastructure can again be an important factor in improving the local economy and quality of life, today and in the future.

John "Chris" Maisch is Alaska State Forester.

Message from the President - Rick Rogers

Foreign, domestic or Alaska grown – investment is good for our economy

What do Girdwood's Alyeska Prince Hotel, Dillingham's Peter Pan Seafood's processing facility, BP's Milne Point heavy oil project, and the Pebble Partnership's exploration efforts all have in common? They all wouldn't exist without significant investment of foreign capital.

While I am very grateful Alaskans gave proposition 4 a well deserved drumming at the polls, I am concerned that some of the inflammatory rhetoric from that debate may spill over into our Alaska psyche and important public policy debates.

One reoccurring theme is the notion that foreign investment is bad for Alaska. We owe it to those investing in our State to stand up and dispel this ill-thought notion. There is no question that direct foreign investment like that from the lower 48 or from within Alaska is a very good thing for Alaska's economy.

It is well understood that if you can inject new capital from outside sources, a local economy can prosper. This is why many states and municipalities give significant tax breaks simply to attract foreign capital.

A good example is the State of Alabama which has provided hundreds of million of dollars worth of tax incentives, worker training and other inducements to attract automotive assembly plants there. Alabama was rewarded with thousands of newly created manufacturing jobs and associated economic growth resulting from foreign investment in major assembly plants by Honda, Toyota, Hyundai and Mercedes Benz.

In Alaska, one way we can achieve such desired investment is by making our natural resources available to the global market place on commercially-reasonable and environmentally-sensitive terms. For example, in the mineral industry, prospective lands open to mineral exploration, coupled with a capable and competitive workforce, predictable yet stringent environmental policies and stable tax policies have resulted in significant domestic and foreign investment and resulting economic prosperity. Much of this investment happens to come from our good neighbor Canada, and land in the most impoverished rural corners of our state.

Canada is a leader in global mineral exploration and development. Somewhat like Switzerland's established banking industry based on privacy, Canada has developed the financial markets and infrastructure to support the unique business of mineral exploration, an industry which requires large sums of risk tolerant venture capital. So it should come as no surprise when about three-fourths of the investment in Alaska mineral exploration comes from Canadian-based companies.

Between 1981 and 2006, Canadian companies spent a total of $3 billion on mineral exploration and development in Alaska. In 2006 alone, they spent $373 million. In 2006 Canadian mineral exploration and production companies directly employed 1,700 Alaskans.

According to the Alaska Department of Labor, the mining industry's average annual wage is $82,000. And this foreign investment according to political ads is supposed to be Darth Vader, a curse to Alaska? I don't get it. More Alaskans are working and making a solid middle-class wage, stringent environmental protections are in place, and we have a robust and growing mineral sector to build on an economy supported by other important resources like oil and gas, fishing, tourism and timber.

And while all this productive capital is flowing into our state in the mineral sector, we continue to have significant foreign investments in oil and gas, tourism trade, air freight and commercial fishing and processing. Where would our economy be if we lacked foreign investment by companies such as seafood processors Peter Pan, Westward and Unisea Seafoods; oil and gas producers Royal Dutch Shell and BP; or tour operators such as Carnival Cruise Lines?

"While we show our pride for those among us investing in our future, let's not lose sight of the tremendous benefit that new capital from outside sources, both domestic and foreign, can play in our state's economy."

It was certainly a good thing for Girdwood and Alaskan ski enthusiasts when Seibu, a major Japanese conglomerate, purchased Alyeska Resort in 1980 and made significant capital improvements, including the tram and Alyeska Prince Hotel. The resort is now owned by Cirque Property, a privately owned real estate investment company based in Utah. Cirque again is breathing vitality into the resort through invested capital. On a big powder day, do we really care if the investment is foreign or domestic?

Don't undersell the importance of our home grown capital investment. The Anchorage skyline is a much different place thanks to investments by Alaska Native Corporations and other local entrepreneurs who have demonstrated their continued faith in the future of our great state. While we show our pride for those among us investing in our future, let's not lose sight of the tremendous benefit that new capital from outside sources, both domestic and foreign, can play in our state's economy.

A firm and predictable regulatory system, a predictable tax regime and a capable and prepared work force are critical to continue to attract the capital needed to grow our economy. This is what it is going to take to keep the necessary capital investment in Alaska, regardless of whether it is foreign, domestic or Alaska grown.

We live in a global village and Alaska needs outside capital to thrive as a state. Here's a call to quit the evil foreign company rhetoric.

News*digest*

RDC submits brief to Supreme Court

RDC filed an amicus brief in the Coeur Alaska/State of Alaska v. Southeast Alaska Conservation Council Supreme Court case.

The case involves the proposed Kensington gold mine which has gone through multiple Environmental Impact Statements with millions of dollars spent on environmental studies and engineering plans. Over the years, RDC has submitted numerous comment letters, given testimony, and engaged its membership in doing the same.

Due to its potentially serious impact on the responsible development of Alaska's resources, the disproportionately large effect on RDC's Alaska Native Claims Settlement Act (ANCSA) Regional Corporation members, as well as the precedent it may set, RDC's executive committee felt it was vital to file the brief.

Michael Jungreis of Hartig, Rhodes, Hoge & Lekisch authored the brief with the involvement of many on the RDC Board. A copy of the brief may be found at: http://www.akrdc.org/issues/mining/kensingtonamicusbrief.pdf.

A decision will be forthcoming from the high court in 2009.

RDC urges State administration of NPDES

In a letter to the EPA urging the approval for the State of Alaska's application to administer the National Pollutant Discharge Elimination System (NPDES) program, RDC emphasized the need for Alaska's industries to have access to local, qualified regulators that understand the unique characteristics of Alaska.

RDC noted Alaska is one of only five states in the union that does not have primacy over the program, and the Alaska Department of Environmental Conservation has worked tirelessly to ensure state standards exceed the existing EPA standards. ADEC has also fully involved the public, including rural and Alaska Native perspectives, in its decision-making process, RDC said. RDC pointed out its members across all resource sectors have a great interest in ensuring Alaska's waters are clean, safe, and pure.

In addition to its comment letter, RDC also provided oral testimony at a hearing in Anchorage on July 23. Please see comment letter at www.akrdc.org.

State sues to overturn polar bear listing

The State of Alaska has filed a lawsuit in U.S. District Court in the District of Columbia seeking to overturn U.S. Interior Secretary Dirk Kempthorne's decision to list the polar bear as threatened under the Endangered Species Act.

"We believe that the Service's decision to list the polar bear was not based on the best scientific and commercial data available," said Governor Palin.

The State believes the Service's analysis failed to adequately consider the polar bears' survival through prior warming periods, and its findings that the polar bear is threatened by sea-ice habitat loss and inadequate regulatory mechanisms to address sea-ice recession are not warranted. The State also believes the Service failed to adequately consider the existing regulatory mechanisms, including conservation measures within Alaska and the international community, which have resulted in a sustainable worldwide polar bear population that has more than doubled in number over the last 40 years to 20,000-25,000 bears.

The State takes seriously its obligation and interest in the management, conservation, and regulation of all wildlife and other natural resources within its jurisdiction, Palin's office noted in announcing the lawsuit. The State noted Alaska is also responsible for the welfare of its citizens, who are concerned that the unwarranted listing of the polar bear as a threatened species will have a significant adverse impact on Alaska by deterring activities such as commercial fisheries, oil and gas exploration and development, transportation, and tourism within and off-shore of Alaska.

Beluga whale population holds steady

The Cook Inlet beluga whale population has held steady from last year's count of 375 animals, based on NOAA's Fisheries Service latest annual aerial survey conducted this summer.

In 2007, NOAA accepted a petition to list the Cook Inlet beluga whale as endangered under the Endangered Species Act. The agency declared the Cook Inlet population depleted in 2000 under the Marine Mammal Protection Act.

In 2006, 302 belugas were counted. A final determination following completion of the population status review is due in late October.

RDC supports new lease sale plan

In comments submitted to the U.S. Minerals Management Service last month, RDC supported the immediate creation of a new Five-Year Outer Continental Self (OCS) leasing program for 2010-2015.

Improved and accelerated access to offshore waters in an environmentally-sensitive way could significantly improve the nation's domestic energy situation and provide economic stimulus, RDC said. Beginning the process now could give the new administration in Washington D.C., a two-year head start in expanding offshore energy production at a time when high energy prices pose a serious threat to our economy, RDC noted.

With energy prices threatening the the standard of living for many Americans, RDC urged development of untapped OCS energy resources. Most of the nation's oil and gas is located offshore, an estimated 86 billion barrels of oil and 420 trillion cubic feet of natural gas. Yet 86 percent of the OCS is off limits to development.

RDC supports expanded OCS development because it is confident operations can occur safely and with little impact to the environment. OCS development has an outstanding safety and environmental record spanning decades. Development has coexisted with other industries, including fishing in Cook Inlet, the North Sea and the Gulf of Mexico. Moreover, OCS production would provide many benefits, including new jobs in rural and urban areas, additional tax and royalty income to the states, new local sources of fuel and energy, and improved search and rescue operations.

RDC urged that any new Five-Year Plan include revenue-sharing from the OCS with local communities in Alaska and elsewhere. RDC said any leasing plan should require state-of-the-art oil spill response and consider mitigation measures to minimize impacts to other resource industries, traditional lifestyles and the environment.

RDC's comments are available online at www.akrdc.org.

PRSRT STD
U.S. Postage
PAID
Anchorage, AK
Permit No. 377

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

121 W. Fireweed, Suite 250, Anchorage, AK 99503

ADDRESS SERVICE REQUESTED