



# Trade Makes Alaska Strong

Alaska gains from global trade. Export growth increases jobs by advancing Alaska’s manufacturers, services providers and farmers. Imports keep costs low, helping Alaska businesses compete and saving Alaska families real dollars at the cash register. Foreign investment in Alaska creates good jobs across a range of sectors.

## TRADE CREATES JOBS FOR ALASKANS

Trade with the world – both exports and imports of goods and services – creates jobs in Alaska.

- Today, trade supports **79,768 jobs** in Alaska.
- **18.7 percent of jobs** in Alaska are supported by trade, up from 8.1 percent in 1992.

Trade through Alaska’s ports supports a range of jobs in the state.

- Ted Stevens Anchorage International Airport, the largest airport in the United States for landed weight of cargo aircraft, employs nearly 10,000 workers directly, with another 6,000 related jobs benefiting from trade through the airport. More than \$600 million in annual payroll is generated by activity at the airport.
- The Port of Anchorage, which processes more than five million tons of cargo, provides jobs for stevedores, truckers, railroaders, warehousemen, the oil land construction industries, the finance, insurance and real estate sector, and export-related jobs in the petroleum, forest products, mining and manufacturing sectors.

Trade particularly benefits employees of Alaska’s small- and mid-size companies.

- In 2004, more than **635 Alaska companies** sold their products abroad; **74.3 percent were small- or mid-sized companies.**

<http://trade.businessroundtable.org>

### TEN WAYS TRADE MAKES ALASKA STRONG

In 2004, trade supported nearly one in five jobs in Alaska.

Since 2002, Alaska’s exports have increased two times faster than its GDP.

Jobs at exporting plants pay 18% more than at non-exporting plants.

9% of Alaska’s GDP was from exports in 2005.

Foreign-owned companies employ 11,300 workers in Alaska.

Foreign-owned firms pay workers 32% more.

Half of imports are raw materials and other items needed for manufacturing.

Marketing imports demand services and services account for 9% of Alaska’s GDP.

Import prices grow much slower than overall consumer prices, saving money for Alaska consumers.

NAFTA worked for Alaska. Since 1994, Alaska’s exports to Canada and Mexico have grown by over \$300 million.

## ALASKA'S KEY INDUSTRIES GROW WITH EXPORTS

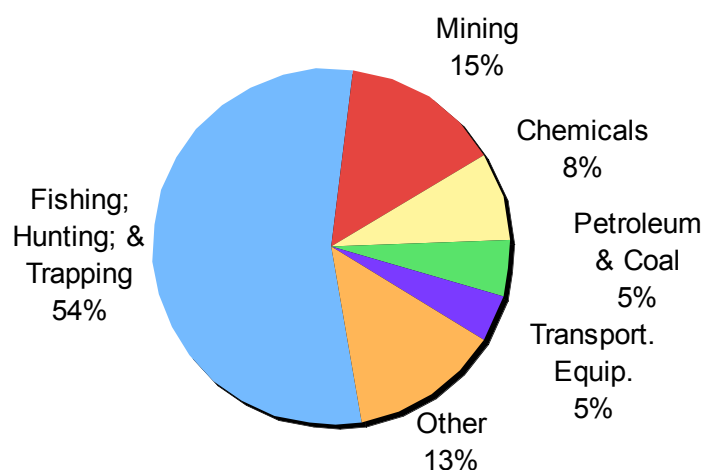
Alaska is the **leading U.S. exporter of seafood**. Alaska's **\$1.9 billion** in exports accounted for **more than 50 percent** of total U.S. seafood exports.

- Alaskan seafood exports have **nearly doubled since 2000**, growing at an **annual rate of 18 percent**, compared to overall export growth of seven percent.
- Leading seafood exports including **salmon, pollock, crab, lobster, and scallops**.

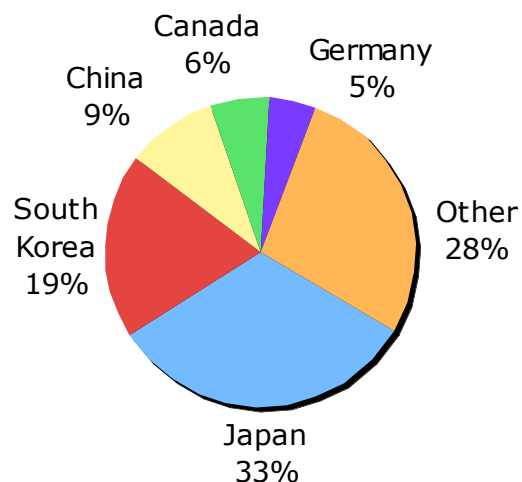
According to the U.S. Department of Commerce, Alaska ranked 37<sup>th</sup> in the United States with **total exports valued at \$3.6 billion** in 2005.

- **Fishing, hunting, and trapping** were Alaska's leading export products in 2005, accounting for **54 percent** of total exports.
- One of the fastest growing exports for Alaska is **transportation equipment**, which grew at an annual rate of **50 percent** between 2000 and 2005.
- In 2005, Alaska companies sold their products in **nearly 90 foreign markets**.
- The top export market is **Japan** (\$1.2 billion). Other top markets include **Korea** (\$684 million) and **China** (\$337 million).
- In fact, **China** is one of Alaska's fastest growing trading partners. In 2005, Alaska companies exported \$337 million worth of goods to China, an increase of 227 percent since 2000.
- In 2005, exports represented **9.1 percent of Alaska's state GDP**.
- Alaska's **share of exports to state GDP ranked 8<sup>th</sup>** among all states in 2005.
- Since 2002, exports have increased **twice as fast** as state GDP.

**Leading Export Products**



**Leading Export Markets**



*“The Governor should be the chief marketer of all of Alaska’s commercial resources—fish in particular—by leading high-level trade missions promoting our products.”*

*- Governor Sarah Palin*

## ALASKA WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Alaska every year, infusing money into the local economy and keeping unemployment low.

- Foreign-owned companies employ **more than 11,300 workers**, nearly five percent of all Alaska employees, **ranking it 17<sup>th</sup>** in the nation in “insourced” workers.
- **Manufacturing** accounts for **2,000 insourced jobs**, representing 16 percent of all manufacturing jobs in Alaska.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

*As a result of its extensive natural resources, Alaska is a leading recipient of foreign investment.*

*The Pogo Gold Mine, located approximately 85 miles from Fairbanks, is a joint subsidiary of **Teck Cominco (Canada)** and **Suminomo Group (Japan)**.*

*Gold production began in early 2006, following the **\$357 million construction** of the mine site. Despite Canadian ownership, **Teck Cominco maintains a local hiring policy**, and Alaskans account for **85 percent** of the mine’s 240 employees.*

*Tech Cominco also operates **Red Dog**, the world’s largest Zinc mine.*

### Selected Corporations with Operations in Alaska

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Agrium Inc.	Industrial Chemicals	Canada
Alyeska Resort	Leisure	Japan
BP	Energy	United Kingdom
Kinross	Mining	Canada
North Pacific Processors	Seafood	Japan
Peter Pan	Seafood	Japan
Princess Cruise Lines	Leisure	United Kingdom
Rio Tinto	Mining	United Kingdom
Teck Cominco	Mining	Canada
Unisea	Seafood	Japan
Western Alaska Seafoods	Seafood	Japan
Westward Seafoods	Seafood	Japan

## ALASKA BUSINESSES NEED IMPORTS TO BE COMPETITIVE

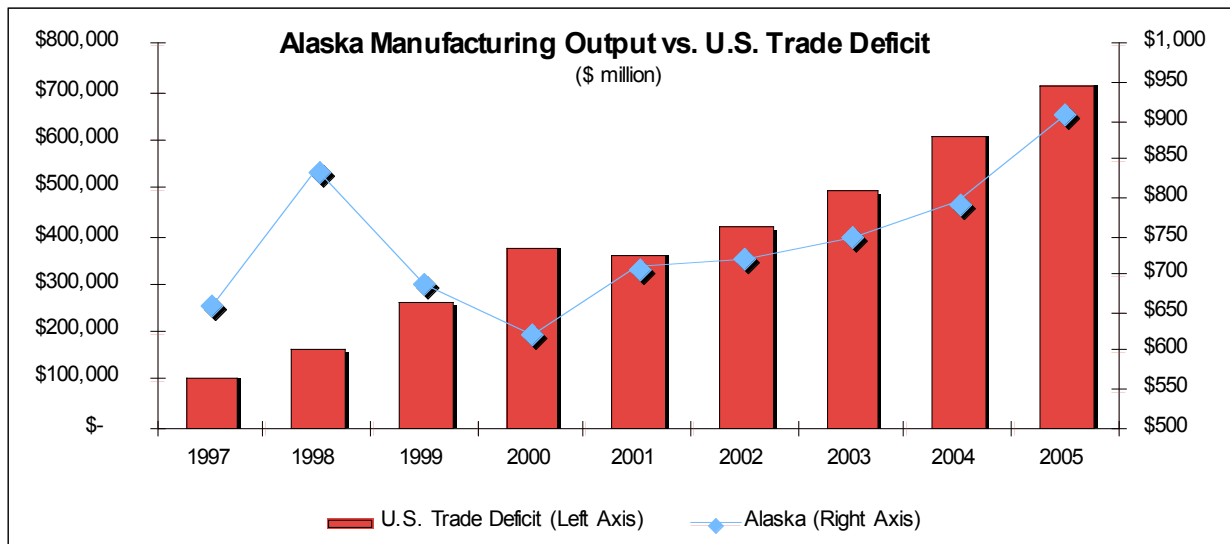
Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous Alaska sectors benefit from imports in some way.
- Alaska's construction industry imports cement and other building materials not produced locally in large quantities.
- Alaska's fishing industry relies upon imported specially treated lumber for its wharfs, docks, and marinas.

### Capital Goods Imports Benefiting Alaska's Manufacturers

Product	Price Change, 1996-2005
<b>All Capital Goods</b>	<b>-23.4%</b>
Electric Generators and Parts	-6.4%
Non-Electrical Machinery, (excl. Computers)	-9.4%
Business Machinery (excl. Computers)	-12.4%
Computers	-50.2%

Alaska experienced some of its strongest growth during periods when imports contributed to increasing national trade deficits.



## ALASKA'S SERVICES INDUSTRIES BENEFIT FROM IMPORT-DRIVEN DEMAND

Numerous services industries benefit from business generated by imported goods.

- **Professional services**, including finance, insurance, marketing, and legal services, are needed to market imported products. These industries are vital to Alaska's growth, and account for **9.1 percent of state GDP**, nearly four times more than manufacturing.
- Imports comprise a significant portion of Alaska's **transportation and product sales** (both wholesale and retail). These industries account for 16.6 percent of state GDP.

## ALASKA FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for Alaska families down while increasing their choices for goods and services.

- Trade helps **keep inflation in check**. Prices for widely traded consumer goods tend to rise less than prices for non-traded goods.
- Trade and investment liberalization policies are worth **over \$10,000 per year** to an average Alaska family of four.
- Between 1990 and 2004, U.S. import prices grew at about a quarter of the rate of growth of overall consumer prices (0.6 percent per year vs. 2.2 percent per year).

### Trade and Low Inflation: Price Changes (1997-2004)

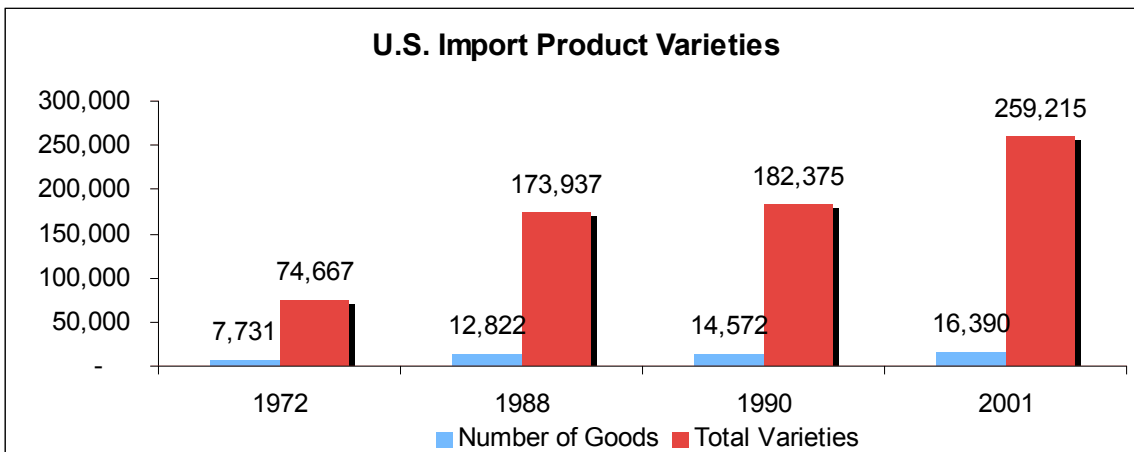
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

The lower costs resulting from trade mean **more purchasing power** for Alaska consumers, which is particularly important for lower income families.

- In 2005, 13,000 families in Alaska were at or below the national poverty level (about \$20,000 per year for a family of four).
- Lower-income families spend nearly three times as much on footwear and 50 percent more on apparel than upper income families spend, both goods that are largely traded.

**Consumer choice** increases with trade.

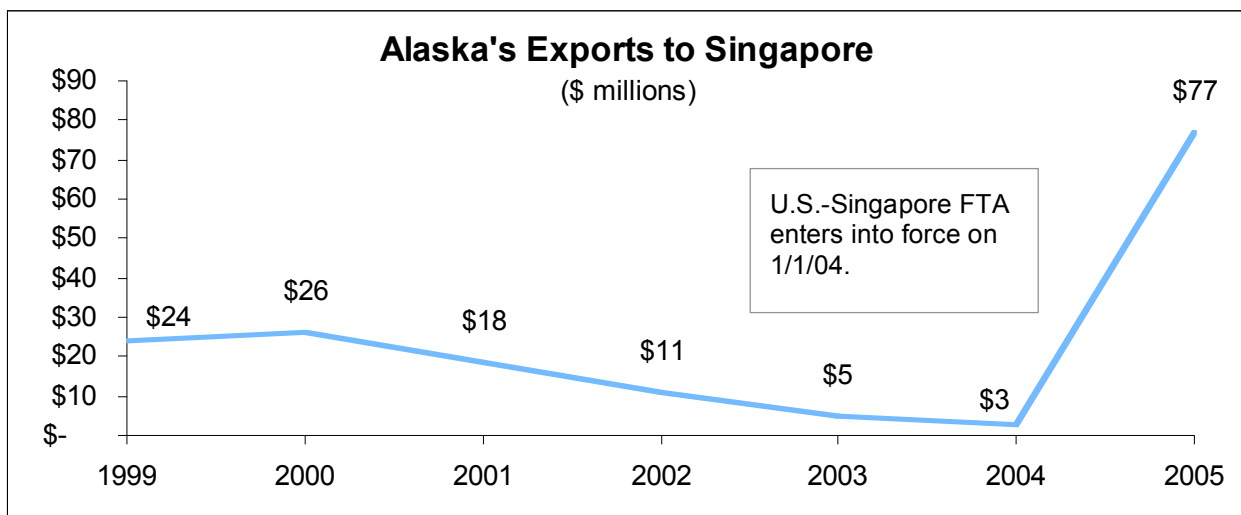
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



## MORE OF A GOOD THING FOR ALASKA – LEVELING THE TRADE PLAYING FIELD

The United States has some of the lowest trade barriers in the world. Free trade agreements level the playing field by lowering other nations' trade barriers and opening up foreign markets to U.S. exports.

- Since **the North American Free Trade Agreement** went into effect in 1994, Alaska's exports to Canada have increased \$148 million (201 percent), while exports to Mexico have increased \$161 million (over 3,000 percent).
- In 2001, a recession year, Alaska's total trade with **Canada** generated \$350 million for Alaska's economy and supported 13,104 jobs.
- Similarly, the free trade agreement with **Singapore**, which went into effect in 2004, has had a significant effect on export growth from Alaska to Singapore.



## SOURCES

### JOBS

Laura Baughman and Joseph Francois (<http://www.businessroundtable.org>)

Ted Stevens Anchorage International Airport

(<http://www.dot.state.ak.us/anc/business/communityRelations/presentations/06nov14AirportOverview.pdf>)

U.S. Department of Labor (<http://www.bls.gov/lau/home.htm>)

U.S. Department of Commerce (<http://ita.doc.gov/td/industry/otea/jobs/index.html>),  
(<http://ita.doc.gov/td/industry/otea/edb/index.html>)

### EXPORTS

Palin for Governor Website

(<http://www.palinforgovernor.com/Position%20Papers/SarahPalinOnCommercialFishing.pdf>)

U.S. Department of Commerce (<http://tse.export.gov>),

(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/beat/regional/gsp/>)

### FOREIGN INVESTMENT

Alaska Division of International Trade and Market Development

(<http://www.gov.state.ak.us/trade/2003/tad/pub/foreigndirectinvestment.pdf>)

Northern Alaska Environmental Center (<http://www.northern.org/artman/publish/pogo.shtml>)

Organization for International Investment (<http://www.ofii.org>)

### IMPORTS

U.S. Department of Agriculture

([http://www.fs.fed.us/r10/tongass/forest\\_facts/faqs/sitkawuc.shtml](http://www.fs.fed.us/r10/tongass/forest_facts/faqs/sitkawuc.shtml))

U.S. Department of Labor (<http://www.bls.gov/mxp/home.htm>)

U.S. Department of Commerce (<http://www.bea.gov/beat/regional/gsp/>)

### STANDARD OF LIVING

Council of Economic Advisers (<http://www.gpoaccess.gov/eop/index.html>)

U.S. Department of Labor (<http://www.bls.gov/cpi/home.htm>),

(<http://www.bls.gov/cex/home.htm>)

U.S. Department of Commerce (<http://www.bea.gov/>)

U.S. Census Bureau (<http://www.census.gov/hhes/www/poverty/poverty.html>)

Christian Broda and David Weinstein ([http://www.ny.frb.org/research/staff\\_reports/sr180.html](http://www.ny.frb.org/research/staff_reports/sr180.html))

### TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)

Joseph Francois and Laura Baughman

([http://tradepartnership.com/pdf\\_files/2004\\_Canada\\_Jobs.pdf](http://tradepartnership.com/pdf_files/2004_Canada_Jobs.pdf))

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