



TAPS REAUTHORIZATION HITS FOREFRONT



More than 13 billion barrels of oil have flowed through the Trans-Alaska Pipeline since North Slope production began in 1977. The pipeline is the indisputable economic life-line of Alaska's economy.

RDC is recommending its members across Alaska support a 30-year renewal of the Trans-Alaska Pipeline System (TAPS) right of way.

The Bureau of Land Management is holding public hearings across the state this month on a Draft Environmental Impact Statement (DEIS) for renewal of the TAPS right of way. Written comments are being accepted

up to August 20.

The TAPS owners filed applications for a 30-year renewal in May 2001 and the federal and state governments hope to complete their renewal processes by the end of the year.

Three alternatives are being evaluated in the DEIS – the preferred alternative which calls for a 30-year renewal, a second alternative which calls for a renewal period of less than 30 years and a third op-

tion which would deny renewal.

The positive economic impacts of TAPS and the 13 billion barrels of oil that have flowed through it are significant to both the public and private sectors in Alaska. The pipeline is considered Alaska's economic life-line, supporting thousands of jobs, as well as the funding of

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TONGASS WILDERNESS: How Much Is Enough?

Despite sweeping land closures and radical reductions in logging, non-development interests are demanding massive new Wilderness designations in the Tongass National Forest, one of the most protected forests in America.

This summer has brought a new round of public hearings on America's largest national forest. At issue is a Supplemental Environmental Impact Statement (SEIS) the Forest Service has prepared as part of a study of roadless areas of the forest for possible

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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 while protecting and enhancing the environment.



TIME IS RUNNING OUT ON ALASKA

“Leadership will be required to make the tough decisions necessary to position Alaska for a bright future — one that holds the promise of both fiscal stability and market driven economic development.”

For the last several months RDC has taken a leading role on two important public policy issues — advocating for the development of a balanced long-term state fiscal plan, and developing a more market driven private sector economy in Alaska. While there remains a great deal to be done in each of these areas, the time available to complete this work is running out and it’s running out fast. Alaska has reached the precipice.

For nearly a decade Alaska’s general fund budget has run a deficit. Only by using funds from the Constitutional Budget Reserve — a savings account expected to run out of money in 2004 — have these deficits been closed. Meanwhile, Alaska’s economy has become too dependent on Federal transfer payments, the Permanent Fund dividend program and the oil and gas industry.

Each of these economic drivers is vulnerable. Federal transfer payments will decrease as our Congressional delegation loses its seniority; the Permanent Fund dividend will be divided into smaller pieces among a growing population if it survives at all; and oil is flowing through TAPS at half of its peak rate.

To make matters worse, these two problems — lack of both a long-term fiscal plan and market driven economic development — have become intertwined. Aspects of both of these issues have meshed together so tightly that the problems themselves are becoming inseparable. This situation makes finding a solution both more complicated and more urgent.

If Alaska hopes to compete for private investment, the state needs a stable fiscal regime. At two recent meetings in Anchorage, top oil and gas industry officials stated in the clearest of terms that without long-term fiscal stability, investment in Alaska will lose out to more attractive, less risky opportunities across the globe. Lord John Browne, chief executive officer of BP, said this about doing business in Alaska:

“We need help on costs, and most of all help in securing real, enduring fiscal stability ... We ask for that help on the basis that everyone involved has an overriding common interest in maintaining Alaska’s competitiveness. Because that competitiveness will bring jobs for Alaskans, business opportunities for Alaskan companies, revenues to state and local governments in Alaska and a reliable, long-term competitive energy supply for consumers and industrial users in America.”

Fiscal stability at the state level will make Alaska’s business environment more predictable and more cost-competitive and these characteristics will encourage private sector investment. Future investment means more jobs, more business opportunities and increased per capita income for Alaskans.

Paired with an appropriately structured state budget, job growth and increased per capita income will in turn help to maintain the stability of Alaska’s finances. While budget discipline must be the first priority in any long-term fiscal plan for Alaska, the gap between revenues and expenditures is far too large to be addressed solely through cuts. Both earnings from the Permanent Fund and a broad-based tax of some type must also be utilized. Implementing taxes of any kind will be politically difficult, however without a broad-based tax the “Alaska Disconnect” will continue to slowly erode the state’s financial base.

Why? Because under the status quo, most private sector economic development in Alaska creates a burden on the resources of state government. Every new job adds to the state’s responsibility in terms of schools, roads and dividend checks. Meanwhile residents in Alaska pay nothing, outside of modest user fees and sin taxes, into state coffers. Visitors and non-resident workers also pay nothing to the state. Alaska is the only state in the Union with this unique set of circumstances or “disconnect.”

Next year a new administration and new Legislature will be faced with a familiar set of problems. The issues are well defined, as are the tools available to address them constructively. Failure to make real progress in the short run risks creating an Alaska that has neither the ability to provide for its citizens, nor the strength to compete in the world market. Leadership will be required to make the tough decisions necessary to position Alaska for a bright future — one that holds the promise of both fiscal stability and market driven economic development.

TONGASS IS OUT OF BALANCE AS TRUE MULTIPLE USE MANAGEMENT DWINDLES

“This uncertainty surrounding federal land use policy in Southeast Alaska has effectively stopped new capital investment in any timber-related operation and stifled investment in non-timber operations.”

Mayor Sally Smith, Juneau



Wilderness designation.

Environmental groups have mobilized their members to attend the hearings and send pre-printed post cards to the Forest Service demanding additional Wilderness designations. What has been lost in the often-emotional rhetoric is the fact that all but approximately 90 percent of the forest is already closed to logging and other development activities.

Consider these facts: The Tongass is 16.9 million acres. Of that, 10 million acres is forested. Five percent of the forested lands (500,000 acres) have been harvested since the forest was established in 1909. Over the next 200 years, 676,000 acres are designated for sustainable harvest, leaving 88 percent of the forest's old-growth untouched. With six million acres of designated Wilderness and 90 percent of its timbered lands off-limits to logging, the

Tongass has a high level of protection.

Southeast Alaska once had a thriving forest products industry but it has since lost most of its timber facilities and more than 5,000 direct and indirect jobs. Harvest levels over the past six years have sunk below levels not seen since the 1940s.

Over the past ten years, land closures and new environmental restrictions have steadily diminished the land base available to timber harvest and forest management. Large areas of the coastal forest were put into contiguous habitat conservation areas, buffer zones, viewsheds and other no-harvest zones.

Land management decisions have clearly favored wilderness and habitat protection. The land base planned for sustainable timber harvests has fallen from 1.7 million acres in 1990 to 676,000 acres today. The annual harvest ceiling has been cut from 520 million board

feet to 267 million board feet.

In comments to the Forest Service, RDC urged the agency to adopt the preferred alternative in the SEIS, the No Action alternative. RDC strongly opposed all of the wilderness alternatives.

RDC noted that additional Wilderness designations beyond what already exists would hinder access to the forest for future generations, blocking construction of proposed power grids, roads and a ferry terminal.

RDC also pointed out that new Wilderness areas would further restrict commercial fishing, tourism and mining. One Wilderness alternative in the SEIS would eliminate 780 of the remaining 900 jobs in the forest products industry and permanently lock away nearly 100 of the 148 locatable mineral resource deposits in the forest.

Juneau Mayor Sally Smith warned that the economy in Southeast Alaska is sagging under the weight of changing federal timber and land use policies. “Federal policies have had a profound effect on the region's economy, an economy that has been in steady decline,” Smith said in comments to the Forest Service. “We are seriously in need of an economic transfusion.”

Smith noted that “the moving target of federal land use policy has eroded stability, and the only predictability so

far has been that there will continue to be less land open for development of any kind. This uncertainty surrounding federal land use policy in Southeast Alaska has effectively stopped new capital investment in any timber-related operation and stifled investment in non-timber operations.”

“We need more jobs and I encourage you to concentrate your efforts on sustaining the timber industry and local communities in Southeast Alaska,” said Owen Graham, Executive Director of the Alaska Forest Association. “Balance needs to be restored to the management of the Tongass,” Graham added in testimony delivered online to the Forest Service. “Proposing new Wilderness pushes management farther away from balance.”

A common theme among those testifying against new Wilderness is that there is more than enough land set aside for wild experiences, but land withdrawals over the past decade have left little in multiple use management to sustain local communities and industry.

Unlike national parks, there is a legal mandate to manage national forests for multiple uses, including sustainable timber harvest and mining. In the Tongass, the pendulum has swung too far in one direction.

RDC's Action Alert on the Tongass is available at www.akrdc.org.

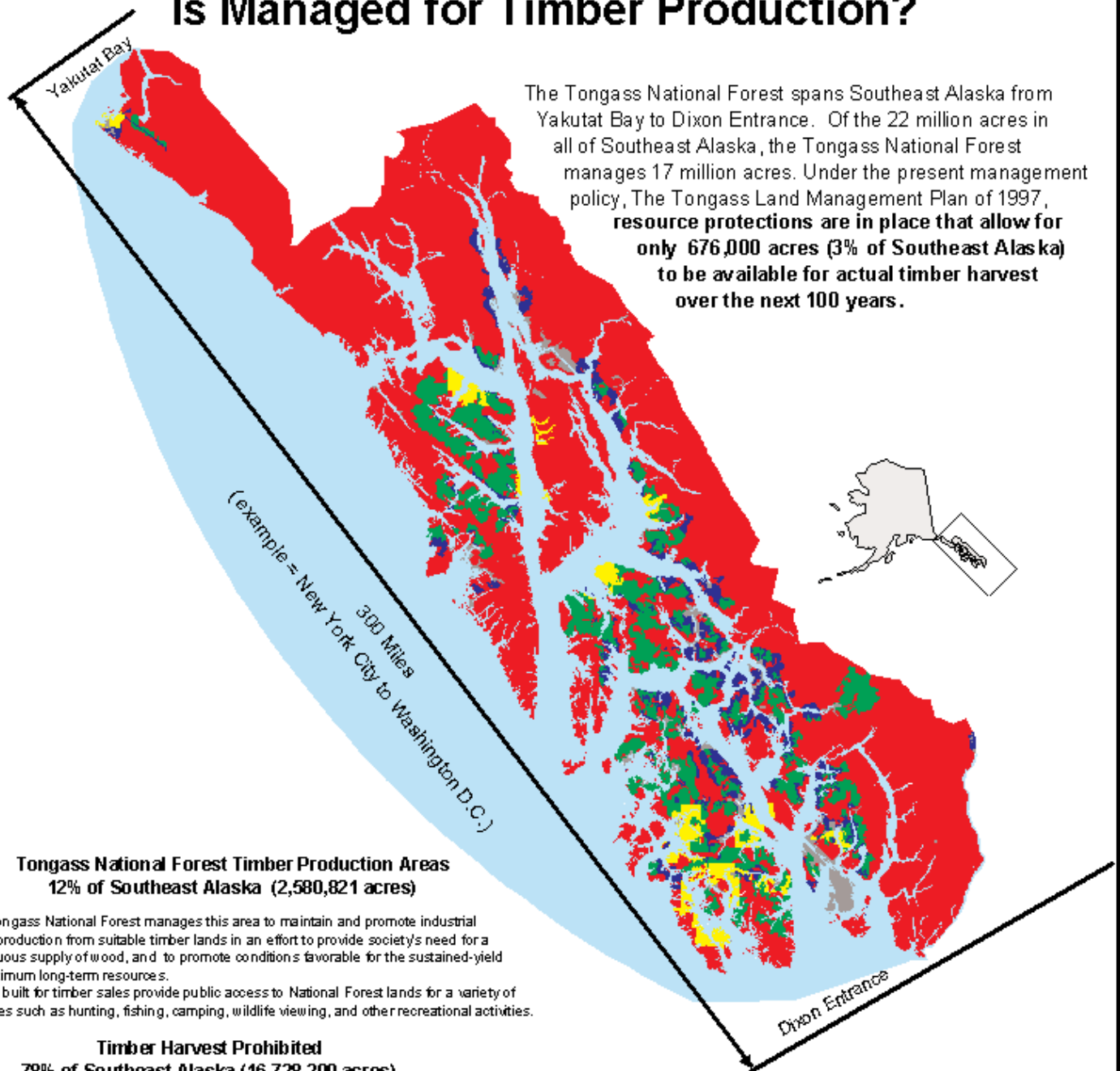


“Balance needs to be restored to the management of the Tongass. Proposing new Wilderness pushes management farther away from balance.”

Owen Graham
Executive Director
Alaska Forest Association

How Much of Southeast Alaska Is Managed for Timber Production?

The Tongass National Forest spans Southeast Alaska from Yakutat Bay to Dixon Entrance. Of the 22 million acres in all of Southeast Alaska, the Tongass National Forest manages 17 million acres. Under the present management policy, The Tongass Land Management Plan of 1997, **resource protections are in place that allow for only 676,000 acres (3% of Southeast Alaska) to be available for actual timber harvest over the next 100 years.**



Tongass National Forest Timber Production Areas
12% of Southeast Alaska (2,580,821 acres)

The Tongass National Forest manages this area to maintain and promote industrial wood production from suitable timber lands in an effort to provide society's need for a continuous supply of wood, and to promote conditions favorable for the sustained-yield of maximum long-term resources.

Roads built for timber sales provide public access to National Forest lands for a variety of activities such as hunting, fishing, camping, wildlife viewing, and other recreational activities.

Timber Harvest Prohibited
78% of Southeast Alaska (16,728,299 acres)

- Glacier Bay National Park and Preserve (3,300,000 acres)
- U.S. Forest Service National Monuments and Wilderness Areas (5,885,387 acres)
- U.S. Forest Service Mostly Natural Settings (7,542,912 acres)
- [LUD II Areas, Old Growth Habitat, Roadless Areas, Research Natural Areas, Remote / Semi-Remote Recreation, Municipal Watersheds, Special Interest Areas, Wild, Scenic, or Recreational Rivers and Experimental Forests]

Tongass National Forest Modified Landscape and Scenic Viewsheds
5% of Southeast Alaska (1,119,000 acres)

Provides for natural appearing landscapes and maintains scenic quality in areas viewed from popular land and marine travel routes and recreation areas while allowing minimal timber harvest.

Other Land Ownership
2% of Southeast Alaska (480,000 acres)

The Annette Island Reservation, Municipalities, State and Private Lands. These lands are managed for a variety of land uses including timber production.

Southeast Alaska Native Corporation Lands
3% of Southeast Alaska (630,000 acres)

The Alaska Native Claims Settlement Act (ANCSA) of 1971 mandated the creation of regional and village Native corporations in the State of Alaska. Approximately 40% of Native Corporation Lands in the Southeast Alaska Region will be developed for Timber Production. The remaining land is wildlife corridors, riparian buffer zones, non-timbered lands, and wetlands.



Provided by the Dixon Entrance Chapter Society of American Foresters
Map by Liz LaPorta
October 2001

ALASKA NATIVE CORPORATIONS: THE FUTURE FACE OF ALASKA'S ECONOMY

Editor's Note: Senior executives of three prominent Alaska Native corporations were featured speakers at RDC's Annual Meeting Luncheon in Anchorage earlier this summer. A condensed version of each presentation is included in this month's Resource Review for our statewide and Lower 48 readers.

NATIVE LANDS KEY FACTOR IN STATE'S GROWTH

BY JACOB ADAMS
PRESIDENT, ARCTIC SLOPE REGIONAL CORPORATION

The establishment of corporations to carry out the Alaska Native Claims Settlement Act put the Alaska Native community on an uncertain road 30 years ago. Today Alaska Native corporations contribute over \$2.5 billion to the state's economy and employ over 10,000 workers.

In the future, this contribution will continue to grow in the major sectors of the state's economy. Alaska will continue to be dependent upon natural resources—both renewable (timber or fish) and extractive (oil, gas and minerals) in the future. Tourism will remain strong as more of the “baby boomers” seek to fulfill that long-term dream to visit Alaska. Native-owned businesses will participate in all those industries and more.

The land base of Alaska Native corporations is one of the biggest factors in our future contribution to the state's economy. Alaska Native lands are part of the largest new oil field to be developed in the state in the last decade—the Alpine oil field. I remain very bullish on the opportunities for new discoveries in the National Petroleum Reserve Alaska.

Alaska Native corporation lands will also be a source of new major regional development projects. The Arctic Slope Regional Corporation (ASRC) owns massive coal deposits in the far Northwestern part of the state. The Calista Corporation has made increasingly encouraging announcements about the potential for development of gold on its lands. I also expect that someday ASRC's small part of the subsurface in the Coastal Plain of the Arctic National Wildlife Refuge will be developed along with the remainder of the Coastal Plain.

Alaska Native corporations will be part of the natural gas commercialization efforts and may well seek a more direct participation in any project that does prove feasible. In the longer term, Alaska Native corporations will move into primary roles in the operation of oil and gas facilities in the state

The shareholders of Alaskan Native corporations are another important aspect of the future of the state's economy. The shareholders, and their descendants if they have not been made shareholders in a corporation, will be a powerful source of labor for any project in the state in the future. Lack of training and discriminatory practices have kept many of our people out of the workforce in the past. This will be addressed and must change.

There are also an increasing number of individual entrepreneurs in this state that are Alaskan Native. They will become an increasingly important part of the future economy as they start and buy businesses to operate. When young Alaskan Natives go outside to attend college or university, they typically return to the state. This is a growing pool of well educated, motivated and bright people entering the state's economy.

The future of Alaska's economy will also be much richer and stable because of the contribution of the cultural values of Alaska Native corporations. Respect, cooperation and integrity are ingrained into business operations, not because some business school text says so, but because it is part of us and always will be. Businesses, and the economy they are a part of, built on that foundation will succeed. This appears to be even more important in light of ever increasing revelations about public companies creating “artificial” earnings and profits.

One area where I am concerned, that presents a particular challenge for the State of Alaska and the Native corporations, is the future of smaller rural economies. Reducing the conflict between rural and urban areas is paramount; failure to do so will severely weaken the future of the entire state's economy. Ensuring adequate education and infrastructure for rural communities is essential. Improved communication and transportation systems can help make opportunities for rural residents more meaningful and a contributing part of the state's economy. Ensuring continued subsistence rights is critical to this as well.

Alaska Native Corporations are committed to the future success of this state. Even with investments Outside, our primary focus and activities will always be Alaska. Alaska Native Corporations will not move to some lower 48 or foreign headquarters. We will continue to operate and distribute our profits here in Alaska.

“Reducing the conflict between rural and urban areas is paramount; failure to do so will severely weaken the future of the entire state's economy.”



ECONOMIC IMPACT OF NATIVE CORPORATIONS FELT ACROSS ALASKA

BY BARBARA DONATELLI
EXECUTIVE VICE PRESIDENT
COOK INLET REGION INC.

The Association of ANCSA Regional Corporation Presidents/CEOs produces a report that looks at the economic impact of Native corporations on Alaska. This year, the report focused on financial data for 23 Native regional and village corporations. Generally speaking, what the report shows is that Native corporations have matured a great deal since they were formed under the Alaska Native Claims Settlement Act of 1971.

This year's report was titled: "Native Corporations: An Epic Story Benefiting Alaska." Calling Native corporation experience an epic story is not overstating the importance of Native corporations to Alaska's economy.

Native corporations provide jobs, revenue and commitment to the Alaska economy. In 2000, our sample of Native corporations had combined revenues of \$2.5 billion.

The total equity in 2000 was \$1.8 billion. The equity is almost twice the amount of the original ANCSA cash settlement of \$962 million. The combined assets for the 23

corporations was \$3.4 billion in 2000, according to their annual reports. This ranged from CIRI's \$1.3 billion to Choggiung's \$2 million.

The 23 corporations in this study together have an Alaska workforce of 10,600 employees. There were 3,400 Alaska Natives employed by the 23 corporations. The corporations had a combined in-state payroll of \$350 million.

Of the 23 corporations chosen for this report, 13 were recognized by Alaska Business Monthly as among the state's top 49 most successful Alaskan businesses.

Besides the direct economic impact of the corporations, Native people have begun a process of developing enduring institutions that provide important services to Alaska Natives. Among these are the Alaska Native Heritage Center, The CIRI Foundation with its endowment of nearly \$50 million and Cook Inlet Tribal Council.

And while we're seeing a trend in Alaska in which some of our biggest businesses are now owned by companies based outside the state, Native corporations are firmly rooted here. They always have been and always will be. This is a very significant difference between Native corporations and other businesses.

Native non-profits are also an important factor in Alaska's economy. Their overall impact has yet to be measured, but it is quite significant.

CIRI currently holds various oil and gas royalties in several oil and gas fields in Cook Inlet. A number of companies, in-

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"While we're seeing a trend in Alaska in which some of our biggest businesses are now owned by companies based outside the state, Native corporations are firmly rooted here. They always have been and always will be."



EDUCATION, JOBS, BUSINESS OPPORTUNITIES FOR SHAREHOLDERS ARE NANA'S GOALS

BY MARIE GREENE, PRESIDENT, NANA REGIONAL CORPORATION

It is summer. The days are long, bright, and warm. Many in the NANA region are gathering and hunting of our Native foods. All winter long when the days are short, dark, and cold we look forward to another spring. In the spring when the ice breaks up we fish for smelts, herring and white fish. Hunting begins for oogruck, the bearded seal and beluga. It is time to gather eggs, hunt for muskrat and to go to fish camps. The migrating birds are back. Those are the resources most people are thinking about right now in the NANA region.

I was born and raised in the small village of Deering located off the north shores of the Seward Peninsula. My grandmother raised me and taught me the traditional ways of our people. We did much of our subsistence gathering and fishing throughout the spring, summer, and fall seasons in or around the Inmachuk River.

I remember during this period of time that gold mining activities near our home village were taking place. After the gold mining stopped, my grandmother and I witnessed the remains of the booming gold mining industry. The land was literally torn apart with deep dredge ponds everywhere, roads were not maintained, and the river channel had changed from the dredging, leaving my grandmother and others in the village concerned about the spawning of the salmon. This was not responsible resource development.

In the 1970s after NANA incorporated and many of the shareholders began voicing the need for jobs, the leadership reported the discovery of a large zinc deposit and discussed with us the possibilities of opening a zinc mine. When it came

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30-YEAR TAPS RENEWAL WOULD BOOST PRODUCTION

(Continued from Page 1)

state services and programs through royalties from the oil production that flows through it. The pipeline also provides nearly twenty percent of domestic oil supply.

In comments to BLM, RDC pointed out that a renewal period shorter than 30 years would threaten investment in new North Slope production. In addition, the TAPS throughput level would be reduced as a result of the riskier business environment in which oil companies would be operating.

RDC also noted that a renewal period shorter than 30 years could reduce growth rates in population, gross state product, employment, and income, as well as tax revenues. In addition, a shorter renewal could increase annual state budget deficits and jeopardize services and programs. RDC said that a longer renewal period would result in additional domestic oil produc-

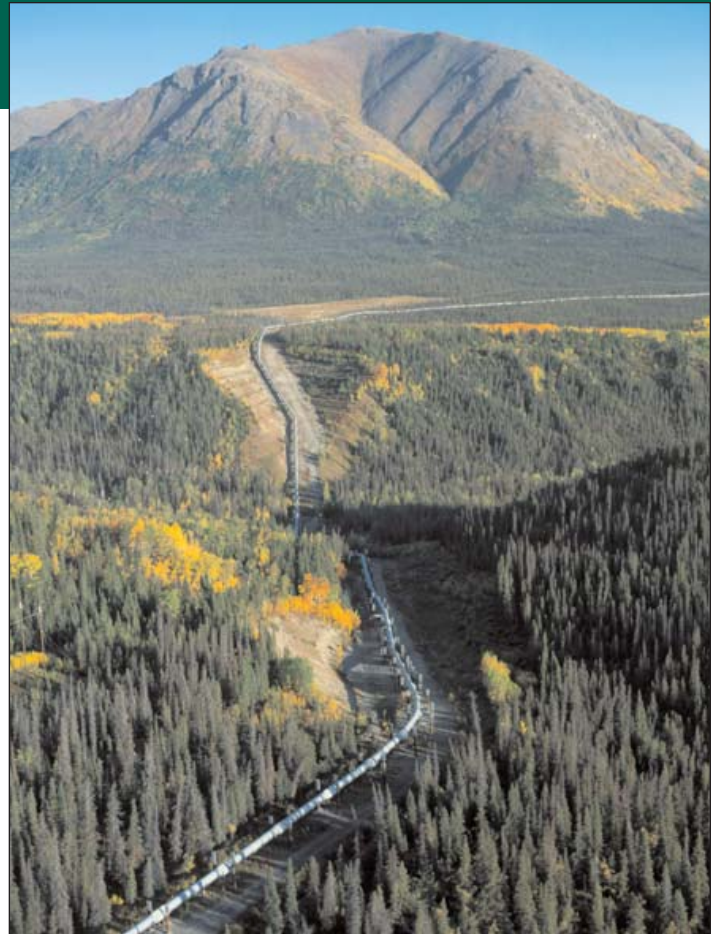
tion, enhance national energy security and overall economic activity.

TAPS began operations in June 1977 and its overall performance reliability rate has been in excess of 99% since start-up. Alyeska's corrosion control and valve maintenance program, as well as spill response plans are leaders in the industry.

More than twenty state and federal agencies regulate the pipeline and millions of dollars are spent each year on its upkeep.

RDC told the BLM that additional regulation resulting from the reauthorization process must be supported by demonstrable benefits to safety and the environment so that the system is not burdened by unnecessary costs.

In its comments, RDC opposed the funding of a citizens advisory group to oversee pipeline operations. RDC said the cost would be significant and could reduce the economic viability of remaining North Slope reserves



TAPS overall performance reliability rate is in excess of 99 percent since start-up. RDC is supporting a 30-year reauthorization of the TAPS right of way.

which, in turn, reduces state revenues. Moreover, federal and state laws traditionally do not favor creation of citizen oversight groups with regulatory authority. RDC views such a group as a du-

plicative and unnecessary since TAPS is already heavily regulated with intense and comprehensive oversight.

RDC's Action Alert on TAPS can be obtained at www.akrdc.org.



TAPS design uses state-of-the-art engineering for cold climates. The design was based on protecting the permafrost from pipeline impacts and the pipeline from permafrost problems. The notion that some soil conditions may change over time is built into this design. Alyeska monitors these conditions constantly, maintains the heat protection systems and when necessary repairs and replaces any that require adjustment due to changes in soil conditions.

RDC NEWS DIGEST

Fair Decision Affecting Timber Industry

In a 50-page decision, the State of Alaska has ruled that marine bark accumulations from modern Log Transfer Facilities (LTFs) do not cause any chemical impacts to surrounding waters.

LTFs are a vital element of Alaska's timber industry. They are gateways through which timber is brought to market, but over the past decade, they have been accused of polluting surrounding waters.

The decision, which upholds state certification of General Permits for LTFs, was reached by a special hearing officer retained by the Dept. of Environmental Conservation.

The decision brings some long-term stability and certainty to the industry.

The decision was reached after the State reviewed volumes of research pertaining to LTFs. The state found that marine bark accumulations from LTFs do not cause toxic discharges nor do they deoxygenate local waters. The decision recognized that state and federal regulators have created a permitting system under which there is a reasonable assurance that LTFs will not interfere with other uses of the waterbody in which it is located nor exceed water quality standards.

Research based on sound science shows that for even significant bark accumulations, removal is not necessarily a preferred means of remediation. It may be better from an environmental perspective to allow the bark to degrade naturally.



Lord John Browne of BP addressed a crowd of 500 at a combined breakfast meeting of RDC, the Alliance and the Anchorage Chamber in June. Browne pointed out that for BP and other investors in Alaska, "any project here has to be competitive with any other project we have in the world." In terms of oil, he said Alaska's competitive position needs improvement. The full text of Browne's speech is available at www.akrdc.org.

Alaska Ranked Low

Alaska had the poorest performing economy among all 50 states in 2000, according to a study conducted by the U.S. Department of Commerce.

The study was based on each state's Gross State Product (GSP). Alaska's GSP fell by 2.9 percent. Louisiana was the only other state in negative territory.

Alaska was hurt by declining manufacturing and production in the oil, mining, timber and fishing industries.

ANWR On Agenda

ANWR will hit the front burner again this fall when a Conference Committee of the House and Senate meets to reconcile energy legislation.

The House energy bill includes provisions to open ANWR's Coastal Plain to oil development, but the Senate version does not.

ANWR is now one of hundreds of energy and tax credit

issues before the 62-member Conference Committee charged with working out the differences between the Senate and House on energy policy.

The House and Senate both must approve or disapprove any bill that comes out of the committee.

Young told Arctic Power earlier this summer that there is a 50-50 chance that the committee could agree to opening ANWR.

The committee probably won't begin deliberations on the energy issues until September. The energy bill is second to the appropriations bill in its complexity and controversy, and its resolution will likely not come until near the end of the year. There is a chance that it may become so bogged down that it may not pass.

Arctic Power's Kim Duke believes the bill will pass, given its importance and wide-ranging provisions.

Roadless Rule Pulled

A bill introduced in the U.S. House that would have enacted the Clinton era Roadless Rule, making an end-run around a U.S. District Court decision blocking it, has been pulled in light of spreading wildfires across the West.

The bill, introduced by Rep. Jay Inslee, D-Wash., would have banned roadbuilding and logging on 60 million acres of national forest lands. However, Inslee pulled the bill after key Western Democrats pulled their support.

Environmentalists and their allies in Washington, D.C., have come under criticism in this election year for blocking efforts to thin unhealthy forests and reduce the buildup of fuels in national forests. Although

Inslee pulled his bill, environmentalists are appealing the court decision which struck down the Roadless Rule.

The Forest Service is working on a new rule that would be "better balanced and most importantly that will pass legal muster, which the Clinton rule has not so far," said Mark Rey, Undersecretary of Agriculture.

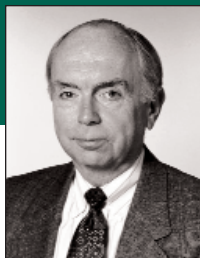
Red Dog Target of Lawsuit

Teck Cominco, which operates the Red Dog mine in partnership with NANA Regional Corporation, is the target of a lawsuit to be filed by a California-based advocacy group which alleges that the mine has violated the Clean Water Act and water discharge permits.

Teck Cominco said that all of the discharges described in an "intent to sue notice" are the subject of compliance orders by consent negotiated between the company and state and federal environmental agencies. Teck Cominco has worked closely with the agencies to address compliance issues, and believes the regulatory oversight of Red Dog has been thorough.

The discharges referred to in the notice have all been reported by Teck Cominco in its regular monthly reports to EPA, the state and local authorities, including the village of Kivalina. Mine representatives meet regularly with local communities to discuss the environmental performance of the mine and to address local concerns.

To ensure the community of Kivalina is protected, the company funds studies conducted by the State. The State released a report last year that concluded the mine does not pose a public health hazard to local residents.



ACCESS IS
A COMMON
DENOMINATOR
AMONG
RESOURCE
INDUSTRIES

Alaska is a land of vast size, rich in natural resources and majestic splendor. For generations, the foundation of Alaska's economy has been built on the bounty of its natural resources – fish, minerals, timber and black gold. It was the discovery of oil on the Kenai Peninsula that finally prompted Congress to vote in favor of Alaska statehood, convinced the territory could indeed sustain itself economically as a state.

Alaska's economy has prospered and diversified over four decades of statehood, however, business and industry in the 49th state today face some formidable road blocks. While each resource sector has its unique challenges and opportunities, all share a common obstacle to a more progressive and favorable climate for growth and sustainability. It's a common denominator among all industries – a problem that grows more acute each year as American politics evolve. The fate of Alaska industry and its economy could come down to one word – access.

Access is a paramount issue to every resource sector in Alaska and those who make their living from the sea and the land. Imagine what Alaska's economy would be like today if access to Prudhoe Bay was denied 30 years ago.

Alaska is a treasure chest of natural resources, but government holds the key because less than one percent of the state today is under conventional private ownership. The federal government, through its vast conservation system units and other holdings, owns 60 percent of the land mass. The state has title to approximately 28 percent and Native corporations control 11 percent.

Access has become the defining issue in Southeast Alaska where nearly all of the region is either national forest, park, or monument. Of 22 million acres in Southeast Alaska, the Tongass National Forest covers all but five million acres. Only 676,000 acres or three percent of Southeast Alaska, is available for sustainable timber harvest over the next 100 to 200 years.

In Southeast Alaska, thousands of jobs have been lost, many families displaced and local economies devastated due to ever-more restrictive management regimes governing federal land use. Today the timber industry is a mere shadow of its past and other industries in the region may face a similar fate as land

policies grow even more restrictive and additional areas are put off-limits to multiple uses.

The Forest Service this month is considering additional Wilderness designations in Southeast Alaska and environmentalists are trying to find a way to legislate the Clinton era Roadless Area Conservation Rule, making an end-run around a federal judge's injunction blocking implementation of the rule. The roadless rule, if applied to the Tongass and Chugach National Forests, would close nearly all of both forests to any additional road building, logging and mining. And with new management prescriptions putting more restrictions on flightseeing and landings, the ultimate lock-up of Alaska may be in progress.

Non-development interests claim Wilderness is a draw for tourists. Yet without access to the forests and parks, visitors will be denied what they come to see and experience. Meanwhile, tourism is a growing industry in Alaska, but expansion of visitor infrastructure, including new roads, hotels, campgrounds, cabins and trails, is necessary to accommodate more visitors. All this is forbidden in federal Wilderness.

Alaska boasts 70 percent of America's national park acreage and 85 percent of its national wildlife refuge lands, yet more than 20 years after passage of the Alaska National Interest Lands Conservation Act (ANILCA), most of these lands remain inaccessible by road, and air access has become more restrictive. When President Carter signed ANILCA into law, he predicted the new parks and refuges would someday drive Alaska's economy, but without access, Carter's vision will remain a dream.

On the North Slope access has been denied to not only ANWR's Coastal Plain, but also some of the most prospective areas inside the National Petroleum Reserve. Commercial fishermen in the Gulf of Alaska and Bering Sea have seen huge swaths of their traditional fishing grounds closed by federal regulators, bringing hardship to coastal communities and families.

Ironically, while it was the territory's resource potential that ultimately convinced Congress to grant Alaska statehood, today the 49th state finds itself at odds with Washington for access to those resources in order to sustain the economy and local communities.

Alaska's economy faces some immediate

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“Ironically, while it was the territory's resource potential that ultimately convinced Congress to grant Alaska statehood, today the 49th state finds itself at odds with Washington for access to those resources in order to sustain the economy and local communities.”

NANA LOOKS TO EDUCATION AND TRAINING (Continued from Page 7)

to the vote of the shareholders, I voted against the development of the Red Dog mine. I voted no because I was concerned about our land, the environment, and the way of life that my grandmother taught me.

I later changed my vote and the development of Red Dog was accepted on the condition that our partner, Cominco then, Teck Cominco now, would employ our shareholders; protect our environment, and our subsistence way of life. Today NANA shareholders hold nearly 60% of the jobs at Red Dog. NANA values this partnership and appreciates the efforts of Teck Cominco.

NANA's greatest challenge is the education of our shareholders. It is our goal that NANA shareholders will one day be able to operate the Red Dog Mine. In order to help us achieve this goal, our educational systems need attention and continuous improvement.

Several years ago all of the organizations that serve the people of the Northwest Arctic joined together to form the Northwest Arctic Higher Education Consortium. Our goal is to work together in partnership to address our higher education and training needs utilizing existing resources and institutions to produce a future workforce which is proficient in basic skills and academically equipped.

ANCSA corporations are creating a pool of educated young

"NANA's greatest challenge is the education of our shareholders. It is our goal that NANA shareholders will one day be able to operate the Red Dog Mine."

Alaskans that will not only help run our enterprises but will also be available to manage other non-Native enterprises. ANCSA has created a path to careers; education and training opportunities that otherwise would not be available.

I would like to thank RDC for its commitment to education through AMEREF. NANA has supported the AMEREF fund for over 15 years and it is these kinds of

educational efforts that are going to provide the incentive for our shareholders to be a part of the mineral industry and to move up into management positions as they become available in our region.

Native Corporations throughout the State of Alaska have played a major role in the economy of Alaska. I am looking forward to the next 30 years. I am not sure I can predict what will stay the same and what will change, but I can say that NANA Regional Corporation will continue to work toward fulfilling our mission of enabling our people to achieve their goals by living productively in traditional and modern worlds. We have made a significant impact since the passage of the Alaska Native Claims Settlement Act and, Lord willing, we will continue for generations to come.

CIRI, NATIVE CORPORATIONS CONTRIBUTE TO STATE'S ECONOMY

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cluding Marathon, Unocal, Phillips, Forrest Oil and Evergreen, have been exploring for new gas reserves in Cook Inlet.

In 2001, Marathon brought on the Wolf Lake well, located within the Kenai National Wildlife Refuge as well as the Sterling Unit into production. While the results of other recent drilling projects are mixed, the Ninilchik Unit program has proven up new gas. We are confident that increased exploration and drilling will bring additional discoveries. With CIRI owning over 1.3 million acres of subsurface we expect to be involved in the oil and gas business for many years into the future.

We continue to cut beetle-killed timber in the Kenai Peninsula. To date, we have cut approximately 70,000 acres. We have replanted almost a million seedling trees with the help of a summer youth camp operated by CITC. We expect

to be done cutting on the Kenai in two to three years.

One of the largest obstacles any resource development project faces is a changing regulatory playing field. Numerous outside and local groups oppose any development and have the legal resources and intelligence to use existing laws such as the Endangered Species Act to deploy and stymie any operation. Most Alaska companies do not have the staff or resources to assess and counter this opposition. The Resource Development Council is an effective voice and clearinghouse which has earned our support.

Alaska Natives have an underlying concern for the well-being of the entire group. This is good for Alaska as a whole because Native corporations are committed to this state and because they are concerned with business success today and into the very long-term future, as well.

Native corporations face unique challenges. We are concerned about cultural preservation, as well as the bottom line. We are very active managers of our resources, and we believe in Alaska and its future. We are pleased to be a part of RDC, and we look toward a bright future for our corporations and Alaska as well.

ACCESS...

(Continued from Page 10)

challenges with a growing state deficit and a shrinking Gross State Product. However, Alaskans are still pioneers, driven by a desire to build a strong economy and high standard of living. Together, through organizations like

RDC, Alaskans can overcome the challenges, but only if we stand together to advocate on each other's behalf.

RDC members are given opportunities to influence public policy. By responding to Action Alerts, testifying at public hearings and getting more involved in the legislative process, we can make a difference and return the pendulum to balance.

"It takes strength
and integrity to
make it real.
It takes you."



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Dreams



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