



Passport to Profit

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The Dragon Roars

Alaska's "China Era" Gathers Steam in 2006

By Greg Wolf

In my 18 years as an international trade and economic development professional in Alaska, we have not witnessed such a dramatic surge in exports to a major market as Alaska has experienced in the past five years with China.

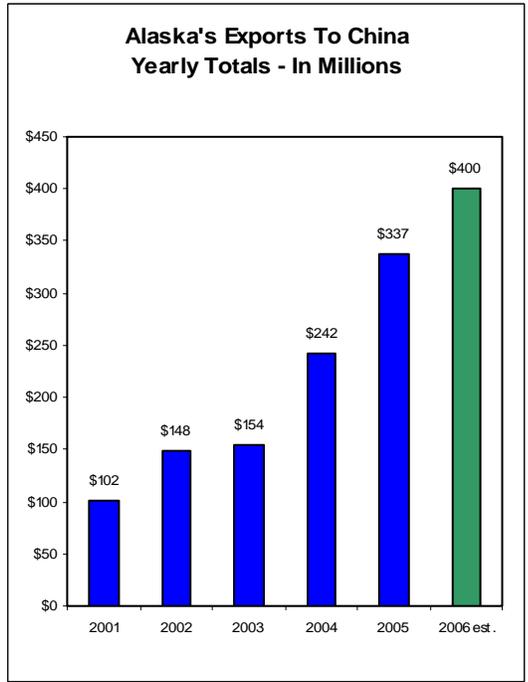
From \$102 million in 2001 to \$337 million in 2005, China's growth as an export destination for Alaska has been unprecedented. In fact, last year, China even surpassed Canada, for many decades the state's third largest trading partner, to now trail only behind Japan and Korea among our Big Three export markets (see chart).

And, so far this year, between January and August (the latest period for which statistics are available), Alaska's exports to China continue to rise rapidly, up 44% over the same period last year. For the full year 2006, we project Alaska's exports to China to reach approximately \$400 million. Seafood is the primary export commodity, followed by fishmeal. Other important exports include minerals, forest products (mainly whole logs) and fertilizers (see chart). In addition to commodity exports, there are a number of Alaskan service-sector firms that have successfully secured business in China. These include oil and gas field service companies like VECO and Udelhoven.

World Trade Center Alaska (WTCAK) has made China a major focus of its efforts. Three years ago, we launched the "China Calling" program as an ongoing series of events and activities designed to give Alaskans the information, contacts and "hands on" assistance necessary to explore and pursue business opportunities in this exciting growth market. To date, the program has included a number of major events, such as the 1st and 2nd Annual Alaska-China Business Conferences, and a trade mission to Shanghai and Beijing. We have also conducted a number of presentations and seminars on how to do business in China, highlighting both the opportunities and challenges.

While most of the attention has focused on Alaska's growing trade relationship with China, we can also anticipate interest by Chinese companies to invest in Alaskan energy and minerals development projects. When one considers the amount of Chinese investment already occurring in places like Canada, Australia, South America, Africa and other resource-rich areas, it is only a matter of time before the hungry dragon casts its gaze on the attractive, yet largely untapped, opportunities in Alaska. In the not too distant future, I expect we will see Chinese firms joining the ranks of the British, Canadian and Japanese companies that have already made major investments in Alaska to develop natural resources and to build tourism infrastructure.

Alaska is well positioned to benefit from China's rise to economic prominence. We have the natural resources and foodstuffs they need to meet the requirements of an expanding and modernizing economy and to meet the rising expectations of a burgeoning consumer class. WTCAK is actively involved with its members and community partners to strengthen commercial ties between Alaska and China as the "China Era" proceeds.



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

