

China Exports on the Rise

Second only to Japan, this trading partner is important to Alaska's economy.



Photo courtesy of AEDC

Pictured at left are participants of the recent Anchorage Economic Development Corporation (AEDC) Trade Mission to Beijing. **Back Row:** (Left to right) Jack Sheppard, Walsh Sheppard; Bill Popp, president/CEO, AEDC; Carlos Nelson, Pegasus Aircraft Maintenance; Chun Xia, Mega Global Airway Ltd.; Samuel Lee, Mega Global Airway Ltd.; and Andy Fung, Pegasus Aircraft Maintenance. **Middle Row:** (Left to right) Greg Wolf, executive director, World Trade Center Alaska; Andrew Larsen, Anchorage Convention & Visitors Bureau; Dennis Mitchell, Lynden International; Joe Jacobson, Alaska Seafood Marketing Institute; and Bob Poe, former President, AEDC. **Front Row:** (Left to right) Dave Kasser, Anchorage Convention & Visitors Bureau; Yingdi Wang, State trade representative; Linda Close, Ted Stevens Anchorage International Airport; Ethan Tyler, Alaska Heritage Tours; Ruth Rosewarne, Alaska Railroad Corp; and Eric Olsen, Kwik'pak Fisheries.

BY GREG WOLF

In the world of real estate, the popular adage is “location, location, location.” For Alaska exporting companies, the mantra for the past seven years has been “China, China, China.” The value of exports from Alaska to the Middle Kingdom has climbed dramatically during this period, from \$100 million in 2001 to a record \$716 million in 2007. China has become Alaska’s fastest-growing major market and now ranks as the state’s second-largest overseas trading partner overall, trailing only Japan, the state’s long-standing No. 1 customer.

SEAFOOD AND MINERALS

Seafood has been and remains the primary export from Alaska to China. In 2007, at \$411 million, seafood accounted for 57 percent of the state’s total exports to the country. Some of the seafood sent to China is processed and then re-exported, while another portion remains in the country to be sold in stores and

restaurants for local consumption.

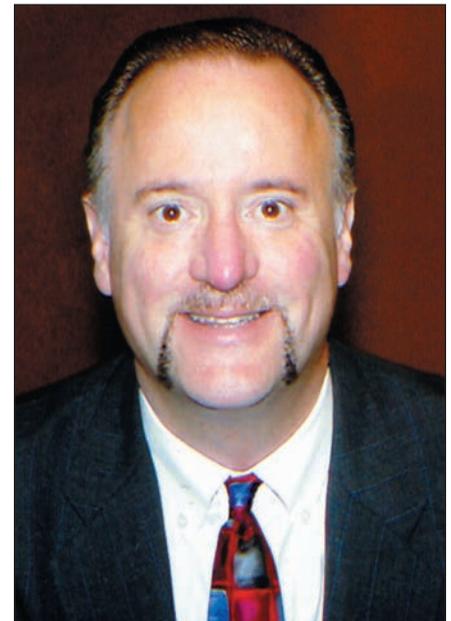
At 24 percent, minerals are the second-largest export category, amounting to \$172 million, and consist mainly of zinc and lead. Energy is the third sizable category with shipments of refined fuel products totaling \$90 million. Other important export commodities are fishmeal, used as a fertilizer and for aquaculture operations, and forest products. Whole logs are sent to the country from Alaska for processing into a variety of wood products.

World Trade Center Alaska has made China a major focus of its efforts. In 2005, the Center launched the “China Calling” trade development program that to date has included a trade mission to Shanghai and Beijing, four annual Alaska-China business conferences, and a number of other activities designed to assist Alaskans to identify and pursue business opportunities with China.

In addition to World Trade Center Alaska, there are a number of other Alaska organizations and agencies

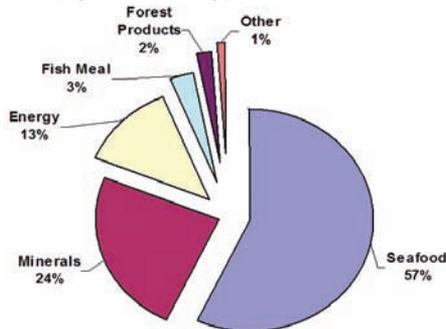
working to build bridges between Alaska and China.

The State of Alaska secured trade representation in Beijing in 2002, making it one of the first American states



Greg Wolf

2007 Alaska's Exports to China (by commodity) - \$716 Million



Source: U.S. Census Bureau, SOA, Governor's Office of International Trade

to establish a presence in China. Yingdi Wang, the State's trade representative, is based in Beijing and provides valuable on-the-ground information and assistance to Alaskans. The State's Office of International Trade in Anchorage coordinates the visits of high-level delegations from China and fosters important government-to-government relations with Chinese agencies. The state office also provides support to Alaska organizations and businesses conducting missions, participating in trade shows, and other activities in China.

The Anchorage Economic Development Corp. recently signed a memorandum of understanding with the Beijing Investment Promotion Bureau to facilitate reciprocal trade missions and to identify potential partners for Anchorage companies to pursue business opportunities within China. AEDC also helped facilitate an MOU (memorandum of understanding) between the Port of Anchorage and the Li Qiao Free Trade Zone in Beijing. This agreement will assist both FTZ operators to identify businesses from their respective markets that would benefit from operating within the zones. In April, AEDC led a trade mission of Anchorage companies to Beijing to make contacts and learn more about the market.

AIRPORT GROWTH

The Ted Stevens Anchorage International Airport has been a major beneficiary of the growing trade between the U.S. and China. The number of air cargo flight landings at the airport has soared from 15 per week in 2000 to more than 250 each week in 2007. Four U.S. cargo carriers operate to and from China via Anchorage: FedEx, UPS, Northwest and

Polar move high-value goods, such as electronics, on this route. There are also a number of Chinese carriers and other foreign airlines serving the China market via Anchorage. These carriers include Air China, China Southern, Shanghai Air Cargo, Yangtze River Express and Cathay Pacific. These flights now constitute a sizable and growing segment of the air cargo moving through Anchorage. Indeed, it is estimated that nearly 35 percent of the total international cargo traffic at the airport is derived from the China market.

On the passenger side of the airline business, China is projected to become the world's largest outbound tourism market within the next 10 years. With rising incomes, and the relaxing of travel restrictions by the Chinese government, record numbers of Chinese are traveling overseas for vacations and to visit friends and family. To help ensure Alaska receives its fair share of this burgeoning market, the Alaska Travel Industry Association is working to introduce Alaska as a destination of choice for Chinese travelers. For the past two years, ATIA has participated in the China Outbound Travel and Tourism trade show and is now developing a Chinese-language Web site to promote travel to the state. In May, working in cooperation with the State of Alaska, the group welcomed Chinese tour operators on a familiarization visit to Alaska. Following visits to Alaska by travel writers, Alaska will soon be featured in the Chinese editions of National Geographic Traveler and Outdoor Magazine.

THEN THERE'S U OF A

The University of Alaska is partnering with Northeast Normal University, based in Changchun, China, to bring a Confucius Institute to Alaska. Sponsored by the Chinese Government, there are currently 33 such institutes in the U.S. and more located elsewhere in the world. In sponsoring the institutes, the Chinese provide salary support for instructors and contribute teaching materials for the school's library. The institute will focus on instruction of the Chinese language and culture, but will also offer a variety of other China-related services and programs to the community. In addition to bringing the Confucius Institute to Anchorage, the

university is developing partnerships with a number of Chinese universities to facilitate student and faculty exchanges.

As previously mentioned, seafood is Alaska's largest export to China and the Alaska Seafood Marketing Institute is engaged in a wide variety of efforts to educate Chinese consumers about the benefits of Alaska's wild-caught fish products. ASMI has had a presence in the country for the past 10 years, with its representatives focusing their activities on the four major metropolitan areas of Hong Kong and Macau, Beijing, Shanghai and Guangzhou. ASMI's activities have included chef seminars, recipe competitions, and retail promotions. They have also produced a wide range of marketing materials in the Chinese language such as buyer's guides, recipe books and other related publications. The Institute is working to build consumer and trade awareness of the unique qualities of Alaska seafood and to raise the profile of the Alaska Seafood brand.

Over the past three decades, Alaska has benefited greatly from the rapid economic rise of countries like Japan and Korea. As their economies modernized and grew, their demand for Alaska's natural resources steadily increased as well. Now, it is China's record-setting economic ascendancy that is driving the state's export growth.

Looking forward, Alaska's commercial ties with China are expected not only to grow in size but also in scope. It is anticipated that China will not only purchase increasing amounts of the state's natural resources, but that Chinese firms will seek to invest in Alaska energy- and minerals-development projects. Chinese investments are occurring in many other parts of the world where natural resources are abundant. There is ample reason to believe that the resource-hungry nation will increasingly cast its sights on Alaska's attractive, yet largely untapped potential.

As China develops into a major economic force, Alaska is well positioned to benefit. Many in Alaska recognize these opportunities and are working to build strong commercial and cultural ties as the state's 'China Era' unfolds. □

Greg Wolf is executive director of the World Trade Center Alaska.