

Asia Prompts Trade Growth in Alaska



Middle Kingdom exports may lead U.S. out of recession.

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For Alaska's export industries in 2010, a major factor will be the performance of Asian economies, especially China. While Alaska's export markets have become more diversified in the last 10 years, in terms of dollar value, they are still heavily concentrated in the Pacific Rim. This should bode well for Alaska as Asia is home to the fastest growing economies, and the region appears in relatively better financial condition to lead the developed world out of recession. In their most recent report, the International Monetary Fund projected China, for example, to grow 8 percent in 2010. Meanwhile, they project the U.S. economy to grow just 1.6 percent. Demand for natural resources from rapidly growing countries such as China and India is driving prices higher as they seek to modernize their economies and satisfy the needs of increasingly affluent consumers.

With each passing day, China is becoming more important to Alaska. In 2008, Alaska's exports to the Middle Kingdom reached \$733 million, a new record. This represents a dramatic rise from 2001 when the state's exports to China totaled \$102 million. China has become the state's second largest

and fastest growing trading partner. I anticipate that commercial ties between Alaska and China will continue to expand both in size and scope this year, and in the years ahead. In the next phase of this relationship, we will see China not only continue to grow as a significant buyer of Alaska export commodities, but also become an investor in Alaska's natural resource development projects.

Related to Asia's growing economic prominence, 2010 should be a banner year for the export value of precious metals from Alaska. Gold, in particular, has experienced a dramatic rise in recent months as central banks, hedge funds and individual investors have bid up the price of the yellow metal. Asian countries that have built up huge reserves of U.S. dollars, based on their export-driven economies, are now seeking to diversify their holdings into non-dollar assets, including other currencies as well as precious metals and natural resources, to protect themselves from a falling dollar.

Alaska is well positioned, offering the right commodities at the right time, to benefit from the current trends of Asian ascendancy and resource scarcity. □