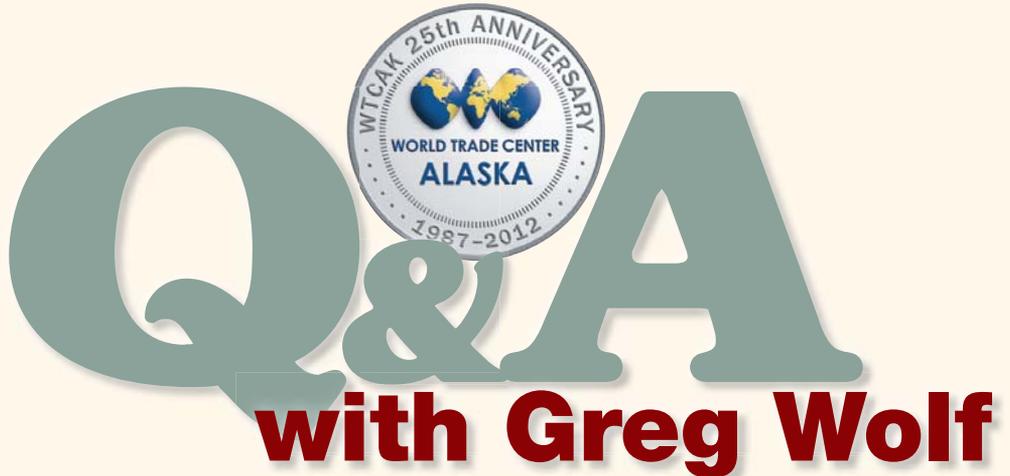


Editor's Note

To help the World Trade Center Alaska celebrate 25 years, Alaska Business Monthly presents a special section devoted to international trade. Opening the section is a Q&A with World Trade Center Alaska Executive Director Greg Wolf. We hope you find his answers and the rest of the special section as interesting and informative as we did.
—Susan Harrington, Managing Editor



The graphic features the large letters 'Q&A' in a light teal color. A circular seal is positioned above the ampersand, containing the text 'WTCAL 25th ANNIVERSARY', 'WORLD TRADE CENTER ALASKA', and '1987-2012'. Below the 'Q&A' is the text 'with Greg Wolf' in a bold, red, sans-serif font.

ABM: Who are our largest trading partners? What are the top exports?

WOLF: Alaska's major trading partners are Pacific Rim countries, primarily in Asia. Consider our top four exports markets: Japan, China, Korea and Canada. Taken together, these four markets alone account for 70 percent of the state's total overseas exports. There are several reasons for this concentration of exports to Asia: first, many countries in the region are resource-poor, while Alaska is resource-rich. In other words,

we have what they need. Secondly, there is geographic proximity. Alaska is a neighbor, relatively speaking, and there are well-established transportation links by sea and air. Finally, and often overlooked, Alaska, as part of the United States, offers political stability that is very important for countries that rely on stable supplies of much needed commodities.

In addition to the countries already mentioned, five European countries, namely, Switzerland, Germany, Spain, Netherlands and Belgium are members of our Top 10 export markets. Australia rounds out the grouping. What distinguishes the major Pacific Rim customers from those in Europe is that the former are comparatively much larger customers and they typically buy a wider variety of commodities from Alaska.

Seafood has been and remains the state's top export commodity. In 2010, seafood accounted for 44 percent of the state's total exports. At 32 percent, minerals, primarily zinc and lead concentrates, are the second-largest category, followed by energy (10 percent). This category includes liquid natural gas, coal and refined fuel products. Precious metals and here, of course, we're talking about gold and silver, is the fourth major sector, followed by forest products.

Clearly, we are an exporter of natural resources. This has served us very well during recent years and all of the trends indicate that there is a lot more growth possible for Alaska, if we are allowed to responsibly develop our vast reserves of natural resources that are in so much demand from both developed and emerging markets.

ABM: How has this changed in the last five years?

WOLF: Actually, not that much. Then, as now, Japan, Korea, China and Canada are Alaska's four top markets. The specific rankings of these four have alternated from year to year, but these have been our top markets for a long time. Japan has always been our No. 1 market, but that is about to change as China assumes the role of Alaska's largest export market. 2011 will be the year the Middle Kingdom moves up to the No. 1 spot. This represents the culmination of 10 years of consistent and dramatic growth by China as a customer of Alaskan exports. Exports to China have grown from just over \$100 million in 2000 to \$923 million in 2010. That's a nine-fold increase in 10 years. For 2011, we project that exports from Alaska to China will exceed \$1 billion. I've been in this business



Greg Wolf
Executive Director
World Trade Center Alaska

©2012 Chris Arend

for 24 years and we have never seen a major market grow so fast for Alaskan exports. For Alaska's international trade community, China has been the headline story for a number of years. Our state has clearly benefited from China's rise to economic prominence.

ABM: How much are Alaska's exports worth? What does it mean to the economy?

WOLF: We don't have full-year figures available for 2011 yet, but looking at the first 10 months (January through October) data, the total has already reached \$4.7 billion. Once the final numbers are reported, we anticipate it will be an all-time record year for the value of Alaskan exports. We expect exports to top \$5 billion, surpassing the \$4.2 billion total in 2010, until now the previous record. Exports are important because they bring new money into our economy, create diversification and sustain thousands of jobs for Alaskans across the state. In a nutshell, when you consider exports and what they mean for us, you should think three things: revenues, expanded economic opportunities and employment.

ABM: What would happen to Alaska if we didn't have a healthy trade market?

WOLF: Well, we would certainly have a much smaller economic base and fewer high paying jobs. Certainly, some of the biggest players in our economy would not be active in Alaska were it not for overseas exports markets. We must remember that Alaska itself is a very small market. Our population is around 700,000. That's like a suburb of a lot of major cities around the world. To attract resources industries to our state, export markets are a necessity. Exports enable some of our major industries to be as large

and significant as they are today. In some cases, virtually 100 percent of the production generated by these companies is exported to customers overseas. In other words, but not for the existence of overseas markets, these companies would either not be in Alaska or their operations would, at least, be considerably smaller. For example, so far, the only natural gas to leave Alaska has been the LNG exports to Japan. The only coal to leave the state has

been to overseas markets like Korea and Chile. Virtually all of the minerals and metals go overseas and about 50 percent of Alaska's annual seafood catch is destined for foreign markets.

International trade is also a major source of employment for Alaskans. According to a recent study conducted by Northern Economics, exports are directly responsible for nearly 15,000 jobs and almost another 10,000 jobs

NOTHING ANOTHER 1200 SQ FT WOULD'N'T FIX.

At Northrim, we're a local bank that can recognize unique economic opportunities and help your business and Alaska's economy grow. If you're ready to align your business for the future, let's have lunch.

NORTHRIM BANK. ACHIEVE MORE.

Northrim Bank
northrim.com

MEMBER FDIC LOCAL CREDIT LENDER

on an indirect or induced basis. Taken together then, trade accounts for about 25,000 jobs in Alaska. I think that is significant. We also know many of these jobs are relatively high paying ones versus jobs found elsewhere in the economy.

ABM: How many companies are involved with exports from Alaska? Are they mainly large organizations?

WOLF: According to the most recent information available from the U.S. Department of Commerce, there are 340 companies who export from locations in Alaska. If you include companies that export Alaskan commodities, but do so from a location outside of the state, such as a seafood processor in Seattle, then that number would be higher.

They report that 76 percent of the state's exporting firms have fewer than 500 employees and are thus considered small- or medium-sized companies. Further, their research indicates approximately 50 percent of the state's export dollars are generated by the small- and medium-sized enterprises, while the other half results from the export operations of the large companies, such as the multinational corporations operating in Alaska.

ABM: What is the role of World Trade Center Alaska? How do you help companies and promote trade?

WOLF: We work directly with Alaska companies, mainly small- and medium-sized firms seeking to grow their businesses through exports. Some of these companies are "new to export," meaning they will be selling to an overseas customer for the first time—others already have some overseas customers and are looking to expand their sales, sometimes to a new market.

One of our key roles is serving as a bridge between Alaska sellers and overseas buyers. This is the matchmaking role to help Alaskans find customers overseas. But there is typically a lot of other important work that must take place before we get to that point with a company. We normally work with companies that are export ready, meaning they already have a product or service to export and have the capacity to adequately respond to customers' orders.

We help these companies to research potential markets, to understand the distribution channels, regulations and other market requirements that pertain to their specific business. These issues can differ substantially from one country to the next. Of course, there are language and cultural barriers to contend with and business practices can be much different than our own.

Through trade leads, trade missions, conferences, research reports and one-on-one counseling, we work to expand Alaska's export capacity. With our full-time staff and interns, we have many years of international experience and the ability to provide assistance in a variety of languages. We are also fortunate to have strong, long-standing partnerships with the State of Alaska, the U.S. Department of Commerce and the University of Alaska that enable us to provide Alaskans with a high level of service.

ABM: Wrapping it up, are there any new markets we expect to see in the future?

WOLF: It's no secret that most of the world's economic growth continues to occur in Asia. That's good news for Alaska; as a Pacific Rim neighbor, we can supply the natural resources these countries need to meet the requirements

of their growing economies and populations. A rising standard of living in these countries is leading to higher consumer expectations. More disposable income can help boost sales of our high-quality, wild-caught seafood products. A growing number of people around the world are seeking out Alaska seafood for its healthy attributes and sustainability.

We are currently researching several emerging markets to see how their import needs match up with our export capabilities. One of those countries is India. At present, Alaska does very little trade with India, but that country, like China, is on a rapid growth trajectory. They, too, have a population of more than 1 billion people. Their economy is growing 8 percent to 9 percent annually. As their economy grows and modernizes, this could represent the next big opportunity for Alaska. Some of our work to get to know this market better and for India to know Alaska better, has been an Alaska-India Business Conference conducted in Anchorage in 2006 and a trade mission of private and public sector officials to New Delhi in 2010.

A much smaller, but potentially lucrative niche market is Singapore. We are also keeping an eye on Vietnam and some other markets around the world that may present opportunities.

ABM: Anything else you would like to add?

WOLF: I believe Alaska has a bright future. We are fortunate to be at the right time in history, in the right place geographically, and with the right type of exports—valuable natural resources—that the world so badly needs for growth and prosperity. If we can develop our vast supply of resources, our best days may still lie ahead of us. □