

Canada's Impact on Alaska

From the report *Canada's Impact on Alaska*, prepared for the Consulate of Canada. All amounts in U.S. dollars.

Why Canada Matters to Alaska

Canada plays a significant role in Alaska's economy – **directly accounting for more than 2,600 jobs and \$134 million in payroll annually.**

Including direct and indirect impact, Canadian economic activity resulted in over 7,500 in jobs and \$330 million in payroll in Alaska in 2004.

Since 1990, Canada has been **Alaska's third-largest export market.** In 2004, Alaska exported \$242 million worth of products and resources to Canada. In the same year, Alaska imported \$289 million worth of Canadian products, for a total combined trade of more than half a billion dollars.

Canada's economic influence on Alaska is diverse and far reaching, touching industries from mining to manufacturing.

Alaska and Canada also share rivers, mountain ranges, highways, history, industries, Native communities, and cultures, in addition to more than 1,500 miles of border. These geographic and historical connections contribute to the close integration of the Canadian and Alaska economies.



By the numbers

2,600+: Average annual direct employment in Alaska by Canadian companies, 2004

\$134 million: Direct payroll of Canadian companies operating in Alaska, 2004

7,500: Estimated direct and indirect employment resulting from Canadian economic activity in Alaska, 2004

\$330 million: Estimated direct and indirect payroll resulting from Canadian economic activity in Alaska, 2004

\$242 million: Alaska's exports to Canada, 2004

\$289 million: Alaska's imports from Canada, 2004

#3: Rank of Canada among Alaska's export markets

\$2.3 billion: Total investment in mining exploration and development by Canadian companies, 1981-2004

40+: Number of mining projects in Alaska currently with Canadian participation

76%: Canada's share of total mining exploration and development expenditures incurred in Alaska, 1981-2004

400,000+: Annual number of people entering Alaska from Canada on the highway system

880,000+: Annual number of people on cruise ships sailing to and from Alaska via Canadian ports

\$81 million+: Estimated annual spending in Alaska by more than 100,000 Canadian visitors

Canada – the Keystone of Alaska’s Mining Sector

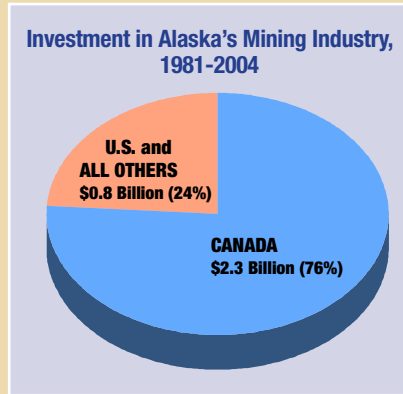
The Alaska and Canadian mining industries have been linked since the Gold Rush days of 1898. Today, mining represents the most significant economic connection between Alaska and Canada.

In 2004, **Canadian mining companies directly employed approximately 900 Alaskans in year-round, well-paying jobs.**

The average mining job in Alaska earned approximately \$70,000 per year.

Between 1981 and 2004, **Canadian companies spent a total of \$2.3 billion on mining exploration and development in**

Alaska. In 2004 alone, they spent \$156 million. At least 27 Canadian mining companies are operating in Alaska on more than 40 mining projects. Canadian companies account for 76 percent of exploration and development expenditures in Alaska’s mineral industry. Canadian mining companies are committed to working in an environmentally responsible manner in Canada, Alaska, and abroad.



Creating wealth in cooperation with Alaskans

Red Dog Mine, located in northwestern Alaska, is the world’s largest zinc mine. Owned and operated by Teck Cominco, a Canadian company, Red Dog Mine reported it had 480 year-round workers and generated \$45.5 million in total wages annually. More than half of the mine’s employees are shareholders in NANA, an Alaska Native corporation, which leases the mine property to Teck Cominco.



To date, total capital investment in Red Dog exceeds \$600 million. The mine has been in operation since 1989 and has an anticipated minimum 40-year life span.

Investing in Alaska’s future

Teck Cominco is also developing the **Pogo** gold property in Interior Alaska. More than \$300 million has been invested in development of the underground mine and its mill operation. Starting up in 2006, Pogo will employ approximately 250 full-time workers for at least ten years.

Top employers in Alaska

Toronto-based Kinross Gold acquired **Fort Knox**, Alaska’s largest gold mine, in 1998. Located in Fairbanks, Fort Knox has an annual average employment of 411, and was on the list of top 100 private sector employers in Alaska for 2004.

Prospecting Alaska’s potential

Canadian companies are busy exploring Alaska’s mining potential in more than 40 projects. Two Canadian companies, NovaGold and Placer Dome, are partners in the 27.8 million ounce **Donlin Creek** gold project in Western Alaska. Placer Dome is spending \$32 million in exploration and development of this mine, which is expected to produce at least 600,000 ounces of gold per year.

NovaGold’s **Rock Creek** project, located seven miles from Nome, is estimated to contain more than 1 million ounces of gold. When operational, the mine is expected to provide 120 year-round jobs and bring \$22 million in expenditures (including \$8 million in payroll) a year to the Nome area.

Northern Dynasty Minerals had spent \$40 million on its **Pebble Project**, a world-class gold and copper deposit in southwestern Alaska. The project is estimated to contain 26.5 million ounces of gold and 16.5 billion pounds of copper, as well as silver and molybdenum.

In 2004, the following Canadian firms invested in mining exploration in Alaska:

- Bravo Venture Group Inc.
- CanAlaska Ventures Ltd.
- Copper Ridge Explorations Inc.
- Diamond Gold Corp.
- Freegold Ventures Ltd.
- Full Metal Minerals Ltd.
- Furio Resources Inc.
- Geoinformatics Exploration Inc.
- Golconda Resources Ltd.
- Kinross Gold Corp.
- Linux Gold Corp.
- Max Resource Corp.
- Mines Trust Co.
- Northern Dynasty Minerals Ltd.
- NovaGold Resources Inc.
- Pacific North West Capital Corp.
- Placer Dome Inc.
- Quaterra Resources Inc.
- Rimfire Minerals Corp.
- Shear Minerals Ltd.
- Silverado Gold Mines Ltd.
- St. Andrew Goldfields Ltd.
- Teck Cominco Ltd.
- Teryl Resources Corp.
- Toquima Minerals Corp.
- TNR Gold Corp.
- Western Warrior Resources Inc.

Canada Strengthens Alaska's Economy

Oil and Gas

A variety of Canadian companies are operating in Alaska's oil and gas industry, exploring and providing oilfield services.



Exploring Alaska

Petro-Canada holds 322,500 acres in NPR-A and 1.1 million acres in the Brooks Range Foothills. In 2005, it invested \$45 million in its Alaska and Mackenzie River holdings. Fortuna Energy leases approximately 440,000 acres in NPR-A and will have invested \$75 million in Alaska by the end of 2005.

Providing technological expertise

Oilfield services companies include Acuren, NANAColt Engineering, Nordic-Calista Services #1, and Tri Ocean Engineering (a subsidiary of ASRC Energy Services). These companies offer services such as engineering testing, inspection, construction management, and fabrication.

Transportation

Canadian transportation companies are represented in Alaska from the North Slope to Southeast.

Building connections

Northern Transportation Company Limited (NTCL), a NorTerra Inc. company, provides on-demand shipping up the Mackenzie River to the Native village of Kaktovik and Alaska's North Slope oilfields. NTCL has hauled drilling rigs and oilfield modules north, along with dry cargo and fuel.

To the south, CN AquaTrain provides a marine/rail link from Prince Rupert, BC to Whittier, Alaska via ocean tug. CN's AquaTrain ships materials that support Alaska's mining, oil and gas and construction industries, including lumber, methanol and specialty chemicals, machinery, equipment, and vehicles.

White Pass owns three docks in Skagway, the main port for moving products to and from the Yukon.

Manufacturing

Adding value to Alaska's resources

Agrium, Inc. is a leading global producer and distributor of fertilizers – and one of Alaska's few major industrial manufacturing operations.

In 2004, the company provided 221 year-round manufacturing jobs, with an annual payroll of \$16 million.



Cold-weather know-how

Capitol Glass/Northern Windows has been manufacturing and distributing window products in Alaska since 1989. It has a staff of 45 and an annual business volume of more than \$6 million.

Seafood

Canada is a major player in Alaska's seafood industry. According to trade statistics, \$83.5 million worth of Alaska seafood was exported to Canada in 2004. One of the



state's larger processing firms, Alaska General Seafoods, operates three processing plants in the state: in Ketchikan, Naknek, and Egegik. During the peak of the season, Alaska

General Seafoods employs more than 600 workers.

Retail

Employing rural Alaskans

Alaska Commercial Company owns and operates 27 retail outlets across rural Alaska, serving populations from 500 to 5,000. The stores sell food and general merchandise such as apparel, housewares, appliances, and outdoor products. ACC has more than 750 employees in Alaska and an annual payroll of \$16.5 million.



Visitor Industry

The Alaska and Canada visitor industries are inextricably linked, primarily through two travel markets: cruise passengers and highway travelers.

Canadians traveling to Alaska also provide a boost to Alaska's economy. **Canadian visitors to Alaska represent more than 100,000 visitors annually and more than \$80 million in spending.**

By water

Of Alaska's 880,000 cruise passengers in 2004, nearly all passed through Canada at some point on their journey. About 60 percent use Vancouver as a point of embarkation and/or disembarkation. Many ships make stops in Prince Rupert or Victoria on their way to or from Alaska.



Passengers also visit Canada by taking day tours into the Yukon from Skagway (such as the White Pass & Yukon Route Railway); by taking overnight tours through the Yukon on a land tour package; and by taking pre- or post-tours of British Columbia.



By road

Nearly all of Alaska's highway travelers pass through Canada at some point. For many, the Yukon and British Columbia are essential elements of their trip. Alaska's highway/ferry

market totals about 180,000 visitors annually.

By rail

The White Pass & Yukon Route Railway is the most prominent Canadian-owned company in Alaska's tourism industry. It carries more than 400,000 passengers annually on its Skagway-based railway, and more than 700,000 cruise passengers transit its docks in Skagway every year.



Combining marketing efforts

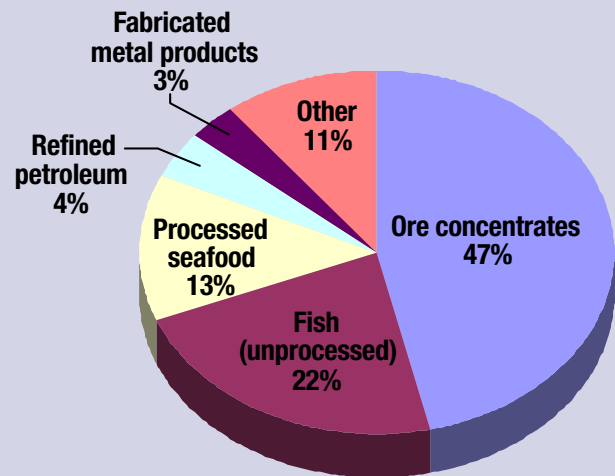
Tourism industry organizations of Alaska and Canada frequently collaborate on marketing and research. Tourism North, comprised of tourism associations of Alaska, Alberta, British Columbia, and the Yukon, publishes the *North! To Alaska* brochure and maintains a website. In addition, a Tourism Yukon representative serves on the marketing committee of the Alaska Travel Industry Association.

Trade Among Neighbors

Canada's trade relationship with Alaska is vital to Alaska's economy. Canada has ranked as Alaska's **third-largest export market** since 1990, with \$242 million in exports reported for 2004 – a 7 percent increase from 2003.

Metal commodities represent 47 percent of total exports from Alaska to Canada, primarily consisting of lead and zinc ore concentrates.

Alaska's Exports to Canada by Product, 2004



Alaska imported \$289 million in Canadian goods the same year, for a **combined trade impact of \$531 million**. The largest import was refined petroleum (\$59 million).

Want to know more?

For further information, please contact the Consulate of Canada in Anchorage at (907) 264-6734. All contents of this handout are taken from the report *Canada's Impact on Alaska*, prepared for the Consulate of Canada by the McDowell Group, Inc. ©2005. The report can be found at: www.anchorage.gc.ca