

# ALASKA-ALBERTA RELATIONS



## PROFILE

**Capital:** Juneau

**Population:** 663,661 (2005 Estimate)

**Language:** English

**Government:** Bicameral state government

**Head of Government:** Governor Frank Murkowski (R)  
Term expires: 2006

**Currency:** US Dollar  
\$1 CDN = \$ 0.89 US (August 2006)

**GSP (Gross State Product):** \$29.8 billion US (2005)

**Per Capita Income:** \$35,612 US (2005)

**Key Industry Sectors:** Oil & gas, tourism, commercial fishing, mining, forestry

**Unemployment:** 7.0% (April 2006)

**Primary Cities:**

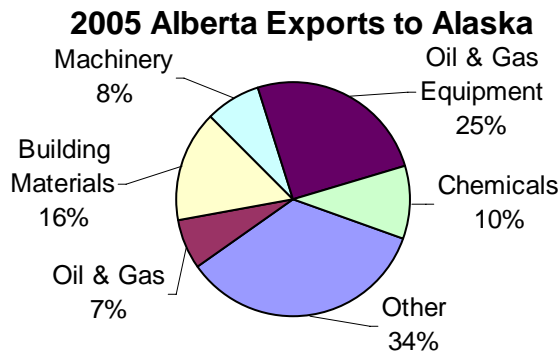
- Anchorage 270,951
- Juneau 31,187
- Fairbanks 30,970

## DID YOU KNOW?

- The Alaska Permanent Fund is a trust fund similar to Alberta's Heritage Savings Trust Fund. It was established in 1976 to generate perpetual revenues for present and future generations of Alaskans.
- The Fund's value as of February 2006 exceeds \$33 billion US, providing an annual dividend to all citizens.

## RELATIONSHIP OVERVIEW

- Alberta-Alaska relations were close in the 1970s and 1980s, based on common northern issues and similarities between Alberta's Heritage Fund and Alaska's Permanent Fund.
- Ties have been reinvigorated as Alaska seeks to develop its vast gas resources.
- In June 2002, Premier Klein & Governor Knowles signed a Memorandum of Understanding (MOU), agreeing to cooperate in such areas as energy, transportation, aboriginal issues, trade and investment.
- The MOU created an Alaska-Alberta Bilateral Council (AABC). The AABC working groups focus on five areas: energy; transportation; economic development and tourism; aboriginal issues; and human resources, education and training.
- Alaska hosted the 2006 AABC meeting in Juneau, March 23-24.



## **TRADE AND INVESTMENT**

- Over the past five years, Alberta merchandise exports to Alaska have averaged over \$110 million per year.
- Alberta exports include oil and gas equipment, other machinery, building materials (including prefabricated buildings and sections), and various chemicals.

## **Energy**

- The oil and gas industry is Alaska's largest.
- In 2005, oil and gas industry revenues from property, corporate income and royalties contributed 89% of Alaska's General Fund unrestricted revenue.

## **Oil**

- Alaska ranks 2<sup>nd</sup> in the United States in crude oil reserves, after Texas. Alaska's reserves, at 4.3 billion barrels, account for 20% of total U.S. crude oil reserves.
- Following the discovery of the Prudhoe Bay oil field, the largest in North America, in 1968, and the commencement of oil production in 1977, Alaska has been a vital domestic oil supplier in the U.S.
- All oil from Alaska's Northern Slope is transported via the 800-mile Alyeska (Trans-Alaska) pipeline to the port at Valdez, where crude oil is shipped primarily to California. More than 14 billion barrels have moved through the Trans Alaska Pipeline System since its start up in 1977.

## **Natural Gas**

- Alaska has about 8.4 trillion cubic feet (Tcf) of proven natural gas reserves, or roughly 4% of total U.S. natural gas reserves.
- However, estimates suggest Alaska's North Slope fields could contain 30-35 Tcf of stranded natural gas resources.
- Recently, northern gas development has emerged as a priority for both the U.S. Administration and Alaska government, to meet growing U.S. demand.
- Getting the northern gas to market is a key challenge.

- Alaska has recognized that Alberta's well-developed pipeline infrastructure and status as an energy hub could be advantageous for transporting Alaska's gas to major markets in the lower 48 states.

## **ANWR**

- The Arctic National Wildlife Refuge (ANWR), located in the north-eastern corner of Alaska, is the largest wildlife refuge in the U.S., with approximately 19.3 million acres (roughly the size of South Carolina). ANWR shares a border with the Yukon Territory.
- The U.S. Federal Government currently prohibits oil and natural gas development in the ANWR. Before oil and gas development can proceed, Congress and the President need to authorize leasing and development.
- Opening ANWR to oil and gas exploration and production remains a controversial issue.
- In December 2005, the U.S. Senate, in a close vote, blocked passage of a bill that would allow some oil and gas exploration in ANWR. However, in May 2006, the House of Representatives passed a bill to once again open up ANWR for drilling paving the way for another potential Senate vote on the issue.
- It has been projected that if ANWR is opened to oil development, production from ANWR would reach 900,000 barrels per day by 2025.

## **Transportation**

- The CANAMEX initiative proposes a multi-lane super-highway from northern Alberta, through the Rocky Mountain US states, down to Mexico City. Alaska may ultimately be the northern terminus of this highway.
- CANAMEX will enhance trade, economic development, technology infrastructure, recreation and tourism opportunities throughout the region, in addition to increasing efficiency in intermodal transportation.
- Alaska seeks Alberta's support for the possibility of connecting the state to the rest of the continent by rail.

## **Forestry**

- Forestry is important to Alaska's economy, especially in the southeastern region.
- Recent years have been difficult for the forestry industry in Alaska. Pulp mill closures (i.e. Ketchikan Pulp Mill), and a drop in Pacific Rim demand, hurt the state's wood products sector.
- However, following a difficult restructuring, Alaska's exports of rough timber grew by an impressive 24% in 2005.

## **Fishing**

- Alaska's fishing and seafood industry is one of the state's largest private industry employers. In 2005, Alaska's seafood exports totaled \$1.7 billion US, and accounted for roughly 50% of the state's total exports.
- In the late 1990s, several factors, including decreases in international fish prices, hurt the seafood industry in Alaska. However, recent increases in price, driven mostly by increased demand in southeast Asia, have helped to reinvigorate this important sector of Alaska's economy.
- Alaska is trying to restore its once-depleted salmon runs by employing a "conservation-first" fisheries management system.

## **NORTHERN FORUM**

- Alaska and Alberta are both members of the Northern Forum, an international organization comprised of 23 sub-national governments from Canada, China, Russia, Japan, and Scandinavia. The Northern Forum is headquartered in Anchorage.

## **POLITICS**

- Alaska has strong Republican congressional representation including Ted Stevens (Senate President Pro Tempore and Chair of the Committee on Commerce, Science, and Transportation), Representative Don Young (Chairman of the House Transportation and Infrastructure Committee), and Senator Lisa Murkowski (Member of Senate Energy Committee and Chair of its subcommittee on Water and Power).

## **EMERGING OPPORTUNITIES**

- Forest products
- Energy products
- Industrial/agricultural machinery
- Metal products (basic, fabricated)
- Transportation equipment and tourism
- Chemicals and allied products

## **MEMBERSHIPS**

- Alberta and Alaska share membership in a number of integral regional organizations including:
  - Council of State Governments (CSG) - WEST
  - The Northern Forum
  - PNWER (Pacific NorthWest Economic Region)
  - Western Governors' Association
  - Sectoral bodies such as the Energy Council and the Western Legislative Forestry Task Force.

## **RECENT VISITS**

- March 2006: Premier Klein's mission to Anchorage to meet with Governor Murkowski, BC and Yukon to discuss the Alaskan gas pipeline.
- March 2006: Alberta delegates traveled to Juneau for the 2006 Alaska-Alberta Bilateral Council meeting.
- January 2005: Rob Renner, Minister of Alberta Municipal Affairs traveled to Juneau as part of the PNWER executive officer's tour.
- September 2004: Officials from Alberta International and Intergovernmental Relations attended the CSG – WEST Legislative Conference in Anchorage.
- May 2004: Governor Murkowski led an Alaska delegation to Alberta for the inaugural meeting of the Alaska-Alberta Bilateral Council.
- Oct 2003: Governor Murkowski attended the Far North Oil and Gas Forum in Calgary
- Sept 2003: Premier Klein and Governor Murkowski met at Western Governors' Meeting to discuss mutual priorities for the Alaska-Alberta Council.
- June 2002: Premier Klein's mission to Alaska
- Aug 2001: State Senator John Torgerson and members of Alaska's Joint Committee on Natural Gas Pipelines visited Alberta.
- Sept 2000: Visit of Gail Phillips, State Legislature Representative

## **DIPLOMATIC REPRESENTATION**

- Mr. Tom Huffaker is the U.S. Consul General in Calgary.
- The Canadian Consulate General in Seattle has jurisdiction over Alaska. A new Consul General will be named shortly.
- Canada opened a consulate in Anchorage (a satellite of the Consul General in Seattle) in September 2004, headed by Consul Karen Matthias.

