

The Port of Anchorage, Vital to Alaska's Future, Will Receive A Needed Addition From Private Company in Spring

Transportation Keys Are Located In Anchorage's Yard

(Continued From Page C-1)
at Nikiski and North Pole produce about half of Alaska's petroleum product needs.

A multimillion-dollar private port development project for Anchorage, backed by York Steel Co., Inc., is scheduled to begin in the spring. While Gray believes Anchorage port development is a good thing, he isn't so optimistic about Valdez.

Voters in the pipeline terminal town approved bonds to improve their port and bid for a big piece of the state's shipping pie, but Gray believes they may be left with the crumbs.

A Valdez port would attract "only a limited market" even if a petrochemical industry locates there, Gray said.

"You can get out (of Valdez) only by highway, and that's almost as expensive as air freight," he said. "The cost per unit is extremely high."

Fairbanks merchants supplied through Valdez would have to be satisfied with only one ship a week as opposed to three or four from Anchorage, because the amount of shipping to the small Fairbanks market wouldn't justify more, Gray said.

"Crazy things happen in Alaska,"

Gray conceded. "Something big could happen in the Interior. Valdez could get lucky. But the chances look poor."

Of goods coming into the four major Southcentral Alaska ports — Whittier, Seward, Valdez and Anchorage — 60 to 70 percent go to Anchorage, Gray said. Fifteen to 20 percent go to Fairbanks and most of the rest to the Matanuska-Susitna Valley and the Kenai Peninsula.

Seward would do best to stick to fisheries in the development of its harbor, Gray said. The major port of entry for the region's freight before the 1964 earthquake, it has never been used since other than during pipeline construction years, he said.

When the earthquake devastated Seward's port and Anchorage's port suffered no major damage, ships began to deliver their cargoes directly to Anchorage "and there was never any desire to go back to Seward."

A milestone was reached when a Sea-Land vessel came into Anchorage in winter for the first time in 1965. The shallow inlet must be dredged yearly by the Army Corps of Engineers, and the largest ships must wait for high tide to dock.

Should transportation systems come first, paving the way to development? Probably not, Gray believes. He points to the Canadian province of British Columbia, which tried to use the British Columbia Railway as a development tool.

"They now have a \$50-million-a-year subsidy," Gray said.

Unlike the rest of the United States, Alaska has a need for marine transportation first and foremost, Gray said. Except for Delta, all the state's major population centers can be reached by water, he added.

The main problem now is excess capacity in the state's freight transportation systems, Gray said, adding that someone has to pay and eventually it will be the transportation user.

"The Port of Anchorage is running far below capacity," he said. "The same for the Alaska Railroad. And as far as highways are concerned, for all practical purposes the state could almost get along without them."

Gray sees the Alaska Railroad as being critical to the state in years to come, for freight more than passenger service.

"(Rail) passengers rarely pay their way on any railroad," he said.

He noted that the railroad's passenger service is now mainly a summer-time tourist operation and could not be rated critical because of the parallel highway and air service.

Movement of freight by rail, however, is essential for its competitive effect on other types of freight transportation, Gray said. Fairbanks receives petroleum and coal by rail, he said, and the equivalent of 350 truckloads a day of sand and gravel make the journey to Anchorage from the Matanuska-Susitna Valley.

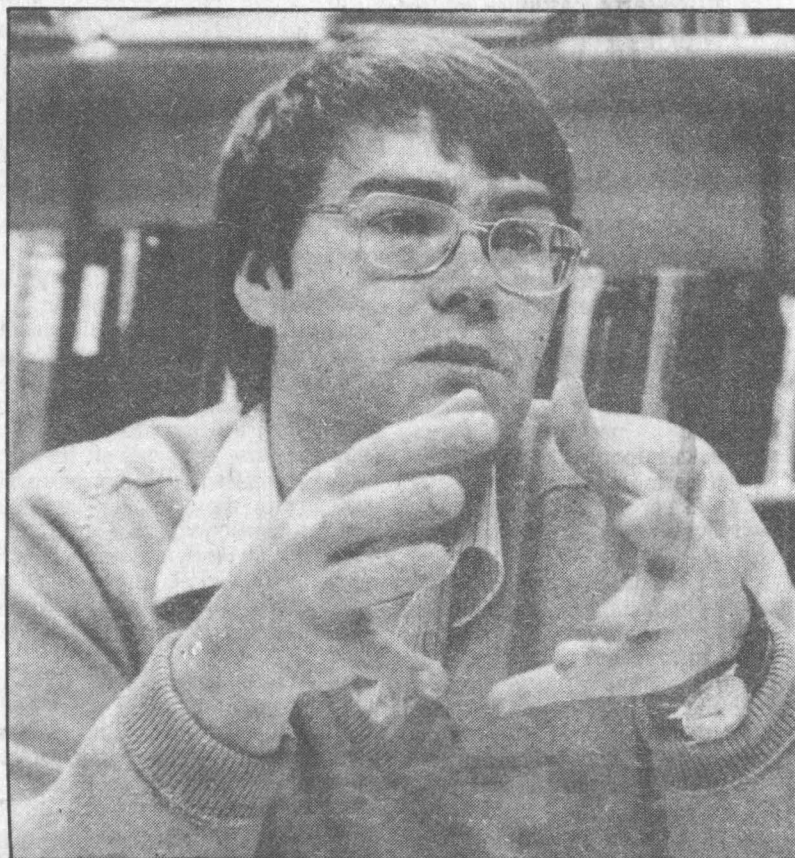
Though only 15 to 20 percent of Alaska's freight comes up by rail car from the Lower 48 on barges, "it's extremely critical," Gray said — mainly lumber, chemicals and agricultural materials.

Extension of the railroad through Canada could prove economically feasible by the mid-90s if Alaska is developed fairly rapidly with several producing oilfields, an active fishing industry, timber expansion and a new oil refinery or two, Gray said.

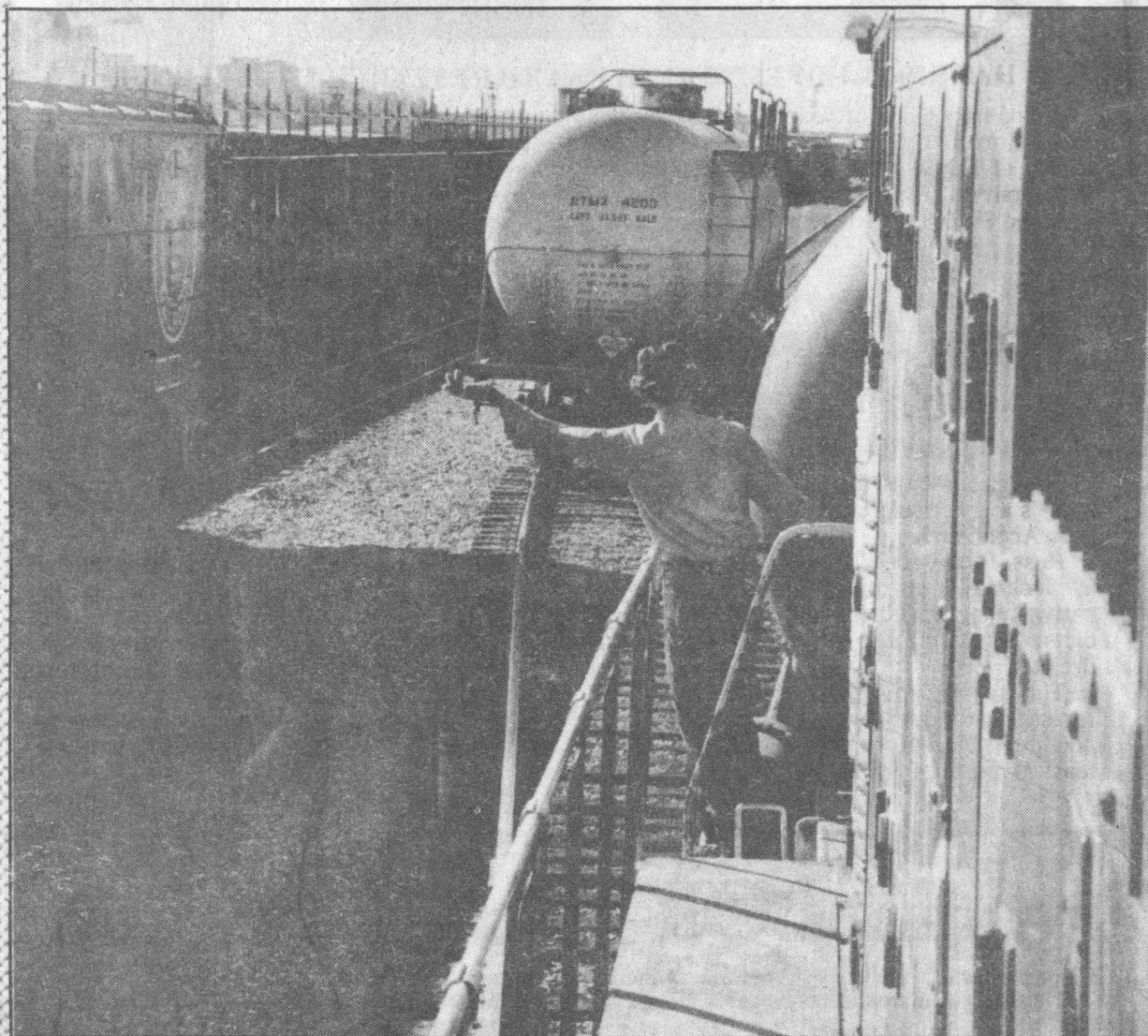
"There was never before any notion (the railroad through Canada) could support itself," Gray said.

For now, he believes the state would be better off keeping ownership of the railroad where it is — with the federal government.

"Now the state is getting benefits of the railroad and paying relatively little," Gray said.



John Gray Says Port, Railroad Are Essential



THE ALASKA RAILROAD — 'WORTH OUR PATIENCE'

Though it may be losing money the railroad is critical to Alaska's freight movement in the long run, researcher John Gray believes. He says there's a possibility an extension through

Canada to the Lower 48 could support itself by the mid-90s and says the state should let ownership remain with the federal government for the present.

Anchorage Daily News Wednesday, December 12, 1979

Soviet trawler docks at Anchorage during international fishing talks

A stern trawler carrying the commander of the Soviet fleet in Alaska waters has been docked at the Port of Anchorage this week while officials representing both countries discuss foreign fishing regulations.

The parties have met annually in Alaska to consider proposed guidelines governing foreign operations within the 200-mile limit. Passed in 1976 as the Fishery Conservation and Management Act, the 200-mile limit gave the United States authority to set foreign quotas, which are changed each year depending on conditions of the fishery.

This time, the Soviets met with members of the U.S. Coast Guard and the National Marine Fisheries Service to go over quotas set for next year and other technical information.

Phil Chitwood, chief of management operations for the fisheries service, said it was "a good meeting."

The Soviet trawler is one of some 100 vessels fishing the Bering Sea and the Gulf of Alaska at various times of the year, primarily for such bottomfish as pollock and flounder.

It arrived Sunday, meetings were held Monday and Tuesday, and the ship sailed at 8 p.m. Tuesday night.



Anchorage Daily News/Marc Olson

The 3,000-ton Soviet trawler Tadjikistan arrived here this week. It carried the Russian fleet commander, who held meetings with American fisheries experts and the U.S. Coast Guard on foreign regulations off Alaska's coast and within the 200-mile limit. The 278-foot vessel was to depart Tuesday night.

Local Port, Rail System Hold The Key

Improving the Port of Anchorage is probably the most productive step the state could take in upgrading its transportation system, John Gray of the Institute of Social and Economic Research said after a comprehensive study of the subject.

"Anchorage is not a big market, but it provides the core of Alaska's demand for (freight) transportation," Gray said. Efficiency in the port here can lower prices of essential goods throughout the state, he said.

He also believes that by the mid-1990s there could be enough freight traffic to justify extension of the Alaska Railroad through Canada to the Lower 48.

Gray is finishing a study for the U.S. Department of Transportation called "Transportation System Planning for Alaska Development." A two-part review of the study should be ready for distribution by the end of this month, he said.

The study has employed eight persons and has had a budget of \$55,000 for the past year and \$250,000 covering several years before that.

Gray said he has tried to find links between the economy and demand for transportation by such industries as construction, services, manufacturing and mining. He has worked from state documents, information from carriers such as marine shippers and airlines, and information from operators of facilities such as ports.

For 38 separate "market area" regions of the state, he has developed a transportation plan based on low and high assumptions of population growth.

In the past decade, Gray said, the amount of traffic coming through the Port of Anchorage has approximately doubled. The amount of petroleum products has remained roughly the same, he said, but the non-petroleum intake has grown from 300,000 tons to a million tons a year.

This shows, Gray said, that Anchorage has grown from "just a petroleum port to a general port" and that the state is attaining increasing self-sufficiency in petroleum. He estimated that the Alaskan refineries