Trade Opportunities: Alaska and the Soviet Far East

What kinds of trade might develop between Alaska and the Soviet Far East?*

A new report by the University of Alaska Anchorage's Institute of Social and Economic Research finds that many opportunities exist for such trade, even though Alaska and the Soviet Far East are competitors in Pacific Rim fisheries, timber, and natural gas markets. ISER prepared the report for the Alaska Office of International Trade, as part of OIT’s efforts to advance cultural, scientific, and trade relations between Alaska and the Soviet Far East. (See map, back page.)

Trade Opportunities

- **Fisheries.** Recent negotiations in Khabarovsk between American and Soviet fishing industry representatives established a number of areas of interest for cooperation in harvesting, processing, and marketing fish from both the U.S. and Soviet zones in the Bering Sea. Alaska stands to benefit through expanded opportunities in fish harvesting, shore services, and cooperative fisheries management.

- **Tourism.** A number of Alaska firms are interested in establishing tourist flights or cruises between Nome and Provideniya. The Soviets appear to be cautiously considering tourism opportunities, and there is a real possibility that they will come about.

- **Other Trade Opportunities.** Tourism and fisheries cooperation could provide initial contacts leading to joint ventures in other areas such as telecommunications, construction, and imports of Native art.

With economic reorganization (perestroika), ways of doing business in the Soviet Union are changing rapidly. Past restrictions on foreign trade are being relaxed, and U.S.-Soviet trade relations are improving. The long-run potential for Alaska-Soviet Far East trade will depend on the extent of Soviet reorganization and U.S. relaxation of export restrictions.

Benefits for Alaska

Alaska-Soviet Far East trade is likely to develop gradually and will at first have relatively modest economic impacts. However, once initial trade links are established, trade could expand over time and have substantial economic benefits for Alaska. Other potential benefits from trade and other cooperation include expanded federal funding for joint research projects, opportunities for Alaska Natives to be reunited with relatives in the Soviet Union, and reduction of tensions along the Alaska-USSR border.

Increased trade and cooperation between Alaska and the Soviet Far East need not imply any relaxation of U.S. vigilance in the defense of Alaska, nor any endorsement of Soviet domestic or foreign policies. Trade and cooperation with the Soviet Far East are in the best interests of Alaska and of the United States, and may eventually help lead to greater trust, understanding, and peace between the United States and the Soviet Union.

Role of the State

The primary roles of the state government in Alaska-Soviet Far East trade are to provide information and promote well-conceived trade projects. Substantial state expenditures are not required. Ultimately, establishing trade will depend on thorough groundwork and successful negotiations by Alaska firms.

Summary of Recommendations for State Strategies

1. The Alaska Office of International Trade (OIT) should continue to serve as the state’s desig-
nated clearinghouse for Alaska-Soviet Far East projects. A clearinghouse is important to avoid confusion among the many groups involved in Alaska-USSR projects. OIT's activities should be coordinated with those of other state and federal agencies involved in Soviet contacts, such as the University of Alaska-Siberia Medical Research Program.

2. The State should endorse and promote trade and scientific and cultural exchange projects if they are well-conceived, realistic, and in the best interests of Alaskans. Projects endorsed by the State should be defined as specifically as possible, be broadly acceptable and economically beneficial to Alaskans, and have a realistic chance of being acceptable to the Soviets.

3. The State should sign a sister-province agreement with Khabarovsk Territory, expressing a desire to pursue trade and scientific and cultural exchanges. At present, Khabarovsk is the only Soviet Far East city open to foreigners, and it is the economic and trade center for the region.

4. The State should organize and send a trade mission to Khabarovsk to sign a sister-state agreement and to conduct negotiations on and promote specific trade projects and other exchanges.

Editor's note: This summary is based on *Alaska-Soviet Far East Trade: Strategies and Opportunities*, by Gunnar Knapp of the Institute of Social and Economic Research and Elisa B. Miller of the University of Washington's School of Business. The report is available from the institute, located on the University of Alaska campus, 3211 Providence Drive, Anchorage, Alaska 99508 (907-786-7710).

Major cities of the Soviet Far East include Khabarovsk (pop. 1,663,000), the capital of Khabarovsk Territory and an economic and trade center; Petropavlovsk (pop. 252,000), center of Soviet fisheries industry; Magadan (pop. 151,000), staging area for mining industry; Anadyr (pop. 30,000), a government center; Provideniya (pop. 5,000), a port and producer of reindeer products and prefabricated concrete.

Map courtesy of University Relations, UAA.