

Value of Alaska's Goods and Services

The latest release of gross domestic product by state

The value of all goods and services produced within Alaska was estimated at \$59.4 billion in 2013. The Bureau of Economic Analysis releases this figure, known as gross domestic product, each year for all states as well as the nation.

Alaska's GDP shrunk by \$1.3 billion¹ from 2012 to 2013, which was a decline of 2.5 percent. The loss was almost entirely due to a \$1.2 billion decline in the mining sector — mostly oil and gas — a result of lower oil production and slightly lower commodity prices.

Other industries had smaller ups and downs of no more than \$250 million in either direction. Excluding the losses in mining, the private sector increased its economic output slightly in 2013, but government losses offset that gain.

An example is mining, which generated 29 percent of Alaska's GDP in 2013 at a value of more than \$17 billion. Only Wyoming's mining industry produced a larger slice of its GDP, at 37 percent. Alaska's mining industry was sixth-largest in terms of GDP following Texas, Oklahoma, Louisiana, California, and Colorado.

Though mining is Alaska's leading generator of economic activity through its oil and gas production, mining jobs made up just 5 percent of total employment in 2013. (See Exhibit 1.)

Conversely, retail jobs were 11 percent of Alaska employment in 2013 but accounted for just 4 percent of state GDP. This doesn't mean industries like retail aren't important to Alaska's economy, but they aren't as likely to be a core economic driver.

GDP reflects mining's central role

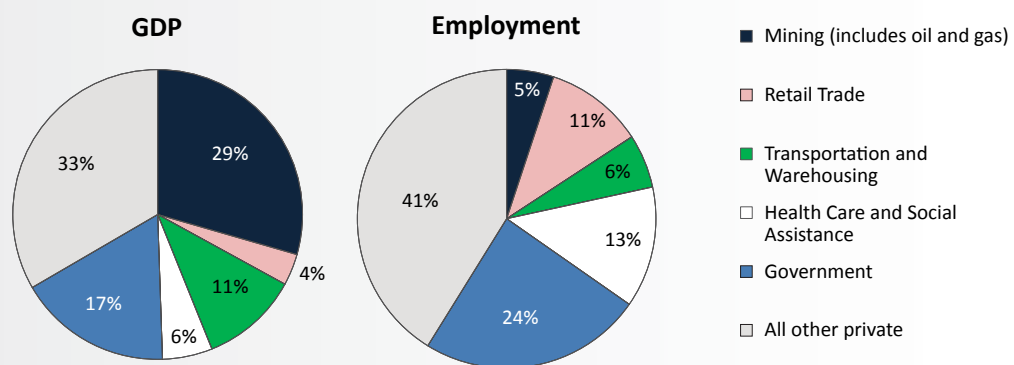
State GDP can be more telling than employment levels in gauging industry contributions to the

¹Adjusted for inflation

Oil and gas, then government

Although detailed industry-level data aren't yet available for 2013, in past years, the oil and gas industry typically constituted around 80 percent

1 GDP, Employment Levels Emphasize Different Industries Alaska, 2013



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

of mining in Alaska and around a quarter of state GDP. In 2012, the most recent year for which detailed sub-industry data are available, Alaska's oil and gas industry's state GDP contribution was the largest among states.

Government was the second-largest contributor to state GDP in 2013 at 17 percent, with an estimated worth of more than \$10 billion. (See Exhibit 2.) Transportation and warehousing was the third-largest, mainly because of the Trans-Alaska Oil Pipeline.

Only Alaska and Washington, D.C. had a real (inflation-adjusted) decline in GDP in 2013. Alaska's reliance on the oil and gas industry is generally advantageous, as was demonstrated by the buffer it provided during the recent national recession. However, this dependence makes Alaska's GDP highly sensitive to changes in the oil industry's economic output. (See Exhibit 3.)

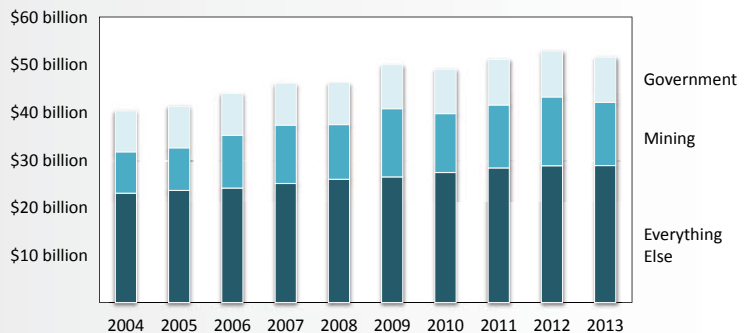
Alaska's second largest contributor, government, declined in 39 states plus Washington, D.C. and was the main reason D.C.'s GDP fell.

Government's contribution to Alaska's GDP fell 2 percent in 2013, reversing an eight-year trend of moderate growth. Cuts to local and federal government payrolls, as well as some military cuts, were likely the main factors in 2013's loss.

Changes from year to year

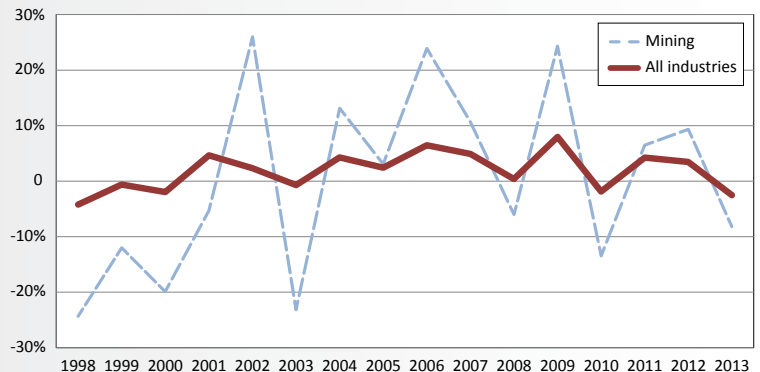
Year-over-year changes in Alaska's GDP don't correlate with changes in employment. (See Exhibit 4.) For example, 2009 was the only year of job losses in the past 26 years, yet it was a strong year for GDP growth. GDP fell in 2003, 2010 and 2013, and employment grew in all of those years. Employment levels are much more resilient to change compared to GDP, particularly changes in the production value of oil and gas.

2 What Makes Up Alaska's GDP 2004 to 2013



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

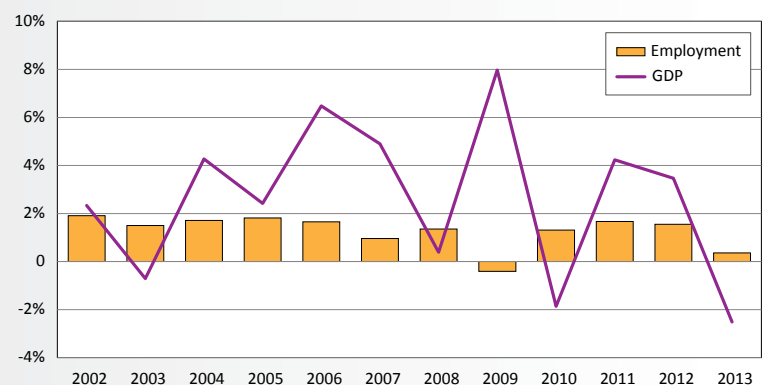
3 Mining Volatility Drives GDP Change Alaska, 1998 to 2013



Note: These values have been adjusted for inflation.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

4 Employment, GDP Don't Move Together Alaska, 2002 to 2013



Note: These values have been adjusted for inflation.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section