



February 2017

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Register Now for the Washington Fly-In and Congressional Dinner March 15

Arkansas leaders in business, non-profit, post-secondary education and the public sector are invited to join us for the **58th Annual Washington Fly-In and Congressional Dinner** presented by [Stephens Inc.](#), which will take place March 15 in Washington, D.C.

One of our signature events, the annual Washington Fly-In provides a unique opportunity for Arkansas's private and public sector leaders to meet with members of our Congressional delegation, their staffs and other Congressional members in addition to meeting with other business and community leaders.

We have a full day planned on March 15 beginning with a breakfast briefing at the U.S. Chamber office at 1615 H Street NW, scheduled group meetings throughout the day on Capitol Hill with all six members of the Arkansas congressional delegation, and ending with dinner at Hill Country BBQ in the District.

The evening event is set for 6:30 p.m., affording the opportunity for more “face time” with the Congressional delegates and their staffs in a fun and relaxed atmosphere. Each of the members of the Arkansas delegation will make remarks.

Register now.

Click [here](#) for a registration form that also includes specific benefits of sponsorship.

Why attend?

Your knowledge and expertise about your business and industry are invaluable in educating those who set the nation’s policies – Congress. There’s no better way to participate early in key discussions and educate policymakers about your business than to do so in person. This is your opportunity to advocate for corporate tax reform, comprehensive immigration policies, etc. that will allow the private sector to grow business and create jobs.

Please join us in Washington, D.C., March 15, and *make a difference*.

Hotel Accommodations

There will not be a host hotel for this year’s Fly-In as there are no scheduled activities at a specific hotel. **Please make your own hotel reservations** based on your preferences, but we do offer the following suggestions:

- **The Hotel George**, 15 E Street N.W., Washington, D.C. 20001
- **Hilton Garden Inn Washington, D.C./U.S. Capitol**, 1225 First Street NE, Washington, District of Columbia, 20002
- **Hyatt Place Washington, D.C./U.S. Capitol**, 33 New York Avenue NE Washington, D.C., USA, 20002

We would also like to thank and recognize our other sponsors:

Dinner – **Nucor Arkansas** and **Southland Park Gaming and Racing**

Beverage – **AT&T Arkansas**, **Entergy Arkansas, Inc.** and **Nabholz Construction Services**

Gold – **Aerojet Rocketdyne Corporation**, **AEP Swepco**, **America’s Car-Mart, Inc.**, **Central Moloney Inc.**, **International Paper Company**, **Southwest Power Pool, Inc.** and **Walmart Stores Inc.**

Silver- **Cross County Chamber of Commerce/Wynne EDC**, **Electric Cooperatives of Arkansas** and **Great Lakes Solutions / A Chemtura Business**

Interested in sponsoring this event?

If you’d like to help sponsor this signature event, please contact Bill Watson at 501-802-1740 or bwatson@arkansasstatechamber.com.

For more information on the Annual Washington Fly-In and Congressional Dinner, contact Holly Wilson at hwilson@arkansasstatechamber.com or 870-622-7162.

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Protecting Arkansas Industry from the Clean Air Act

(Note: this article was written by R. Stan Jorgensen and provided by the Arkansas Environmental Federation).

Under the Clean Air Act, each state is authorized to decide how to protect air quality based upon that state's unique characteristics. Every time the Environmental Protection Agency (EPA) publishes a new lower air standard, each state must prepare a new revision to the State Implementation Plan (SIP), including rule changes as necessary, to show how the new standard will be achieved. The Arkansas Department of Environmental Quality (ADEQ) is currently preparing a SIP revision to submit to EPA that addresses multiple new standards. Arkansas air quality already meets the new standards, so impacts on industry for this new submittal will be small.

There is a second EPA SIP decision that has been pending for eight years. The failure of EPA to approve this second SIP revision could potentially increase industry operating costs and delay almost all significant Arkansas projects.

In 2009, the Arkansas Environmental Federation (AEF) Air Committee successfully worked with ADEQ to reduce minor NSR permitting thresholds. Those rule changes were based on recognition that Arkansas air quality is clean and that the great majority of air quality issues do not come from small or moderate industrial sources. However, that SIP revision that includes those rules changes has never been approved by EPA. As part of the SIP submittal process for the new EPA standards, ADEQ is pushing hard for EPA to also complete the approval of the 2009 rule changes.

Arkansas air quality has continued to improve using the less restrictive 2009 rules. This fact was highlighted in ADEQ's recent "State of the Air Report." As long as newer and cleaner vehicles and industrial equipment will continue to replace the older, less efficient ones, there will be a continuous improvement in Arkansas air quality. Support from industry for EPA to approve those 2009 rule changes will be critically important during EPA's review and approval of the new SIP to be submitted this spring.

AEF spokespersons have continued to help educate Arkansas leaders and ADEQ managers that a majority of air quality impacts are from non-industrial sources. PM_{2.5} (invisible dust), one of EPA's newest air standards, comes mostly from open burning (forest fires, prescribed burns, and burning of agricultural crop residues). The pollutants that form ozone, volatile organic compounds and NO_x, mostly come from decomposing vegetation (volatile organic compounds), combustion of fuels in vehicles (NO_x), or comfort heating (NO_x).

During the upcoming public comment period, which may include a hearing, AEF will be present and active. AEF member companies and other impacted manufacturers may be urged to submit formal comments to ADEQ and EPA. Should EPA happen to disapprove the 2009 rule changes, the number of small facilities needing to obtain permits would increase by hundreds; resulting in permitting restrictions and pre-construction approval processes that would reduce the competitiveness of Arkansas manufacturers. As an industry leader, we suggest you to remain alert to this process. AEF spokespersons are volunteers from industrial facilities and engineers who work

with industry, and AEF would like as many as they can get. Please share this article with other local manufacturers, and suggest that they contact AEF Executive Director Charles Miller at (501) 374-0263 or cmiller@environmentark.org and become an AEF member. Reasonable rules do not just appear.

An executive summary briefing document which contains permit thresholds and other details, may be obtained from Julie McCallister by email at jmccallister@eccci.com, or Stan Jorgensen sjorgensen@eccci.com, or by phone at (501) 975-8100.

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Senate Confirms Scott Pruitt as EPA Administrator

The Senate voted 52 to 46 to confirm Scott Pruitt as Environmental Protection Agency Administrator last Friday, which the [New York Times](#) said puts “a seasoned legal opponent of the agency at the helm of President Trump’s efforts to dismantle major regulations on climate change and clean water – and to cut the size and authority of the government’s environmental enforcer.” In a front-page article, the [Washington Post](#) reported the vote on Pruitt, formerly Oklahoma’s attorney general, “came after Democrats held the Senate floor for hours overnight and through the morning...to push for a last-minute delay of his confirmation.” The [Wall Street Journal](#) reported Sen. Susan Collins was the sole Republican dissenter while Joe Manchin and Heidi Heitkamp crossed party lines to support Pruitt.

The [Washington Post](#) reported the National Association of Manufacturers proclaimed Pruitt would “restore balance to the way environmental regulations are developed.” [E&E Publishing](#) reported on Pruitt’s path to confirmation, including support he received from the National Association of Manufacturers. According to the article, NAM President and CEO Jay Timmons said in a statement “that for too long,” the EPA has ignored the economic impact of its various regulations. Yet, Timmons said, Pruitt’s nomination for EPA administrator “signals that change is finally coming.”

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Rutledge Requests Stay of EPA’s Regional Haze Implementation Plan

Arkansas Attorney General Leslie Rutledge recently filed a [motion](#) with the U.S. Court of Appeals for the 8th Circuit to stay the Environmental Protection Agency’s (EPA) Federal Implementation Plan for regional haze in Arkansas.

“Without a stay of this unlawful plan, Arkansas, its citizens and our economy could suffer irreparable harm,” said Attorney General Rutledge. “While I have urged the EPA to withdraw the plan completely, and I remain hopeful that once a new administrator is confirmed it will be, I have a duty to protect Arkansans from the agenda of liberal special interest groups that do not have the best interest of our State in mind.”

In November, Rutledge filed litigation against the EPA's plan after she submitted [comments](#) to the EPA in July 2015, and the EPA did not withdraw the plan. In the comment letter, Rutledge wrote, "The proposed Federal Implementation Plan has no basis in law or science and is a prime example of overreaching federal regulation in response to 'sue and settle' litigation brought by the Sierra Club. As such, the EPA should withdraw the proposed plan and consult with the State in developing an approvable State Implementation Plan."

Instead of working with the State, the EPA published its proposed Federal Implementation Plan for Arkansas in April 2015 and solicited feedback. Attorney General Rutledge, the Arkansas Department of Environmental Quality and a number of industries, institutions and facilities impacted by the proposed plan provided comments during this time. Despite the comments urging the EPA to withdraw the plan, the final plan was signed in August.

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Report: Reshoring Likely to Grow Under Trump Administration

Recent political trends suggest the growth of reshoring will continue and would protect and promote U.S. manufacturing jobs, according to an Intelligence Node white paper, as reported in [Talk Business & Politics](#).

One of President Donald Trump's consistent campaign promises was to bring jobs back to America. During his very first day in the White House, Trump took steps to support the domestic economy and local job creation, including manufacturing, by renegotiating and reversing planned participation in economic alliances and trade agreements, such as the North American Free Trade Agreement (NAFTA) and Trans-Pacific Partnership (TPP), respectively.

Critics of these global trade agreements say the deals make it easier and cheaper to make products overseas, eliminating manufacturing jobs that blue-collar workers desperately need. In a 2010 report, the Economic Policy Institute estimated that U.S. trade deficits with Mexico had displaced 682,900 US jobs since the implementation of NAFTA in 1994. Since 2000, the US has lost 5 million manufacturing jobs, according to the Bureau of Labor Statistics.

Political protectionism, demand for local products and a renewed interest in manufacturing make the U.S. attractive. However, the economics of globalization, affordable foreign labor and consumers' expectations make foreign markets enticing.

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Trump Administration Considers Change in Calculating U.S. Trade Deficit

The [Wall Street Journal](#) reported officials in the Trump Administration are considering adjusting U.S. trade deficit calculations to exclude re-exports, which according to economists would inflate the trade deficit numbers. USTR employees included explanations for why such a method would lead to inaccurate results in a report last week, warning the numbers may lead interpreters,

including Congress, to find a broader basis for the renegotiation of trade deals and the imposition of tariffs.

In a more than 2,200-word article, the [Washington Post](#) profiled Peter Navarro, a professor in the University of California at Irvine's business school, who has been tasked with "help[ing] rewrite the rules of global trade, from Mexico to China to Britain, and to bring back American manufacturing and jobs." According to the Post, "Navarro's ideas have been widely criticized by other economists," but he "has struck such a chord with [President] Trump that he could end up playing an outsize role in the administration's economic policy."

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Trump Preparing Orders to Roll Back Obama Climate, Water Rules

The [Washington Post](#) cites "individuals briefed on the measures" who say President Trump "is preparing executive orders aimed at curtailing Obama-era policies on climate and water pollution." The measures, which "will take time to implement," will "send an unmistakable signal that the new administration is determined to promote fossil-fuel production and economic activity even when those activities collide with some environmental safeguards." One order "will instruct the Environmental Protection Agency to begin rewriting the 2015 regulation that limits greenhouse-gas emissions from existing electric utilities." Another "will instruct the EPA and Army Corps of Engineers to revamp a 2015 rule, known as the Waters of the United States rule," which "gives the federal government authority over not only major water bodies but also the wetlands, rivers and streams that feed into them."

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Alliance Rubber CEO: Don't Stop Learning About the Business

Bonnie Spencer Swayze, CEO of Alliance Rubber Co. of Hot Springs, an Associated Industries of Arkansas member, in a piece in [IndustryWeek](#) advises manufacturers to know the main selling points about their business, whether it's that products are made domestically or that the company observes sustainable practices. Keep looking for ways you can learn about new developments and technologies, she writes.

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U.S. Shale Production Costs Rising; Peak Production Predicted in 2026

Increased drilling activity and pricier oilfield services will drive up break-even prices for U.S. shale producers for the first time since 2012 this year, data from Rystad Energy suggest, according to [Reuters](#). The break-even production cost will average \$36.50 per barrel in 2017, up \$1.60 from last year.

Production from U.S. shale and tight oil formations will top out in 2026 as oil reserves start depleting and well productivity declines, the Energy Department said in a [Houston Chronicle](#) article. Production will begin to drop in the Eagle Ford first after 2020 and the Bakken will start declining after 2030, while production in the Permian Basin will remain strong through 2040.

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Oil Prices Could Reach \$60 A Barrel Soon, Analyst Predicts

Oil prices could rise to \$60 per barrel in the coming weeks as U.S. inventories decline and OPEC's production cuts start making a difference, according to PIRA Energy analyst Gary Ross in [MarketWatch](#). "We think the markets have consolidated enough and that the next, smaller leg in the bull market is about to occur," he said.

The U.S. oil and natural gas industry is making an aggressive comeback across all major shale plays, spanning from Texas to North Dakota, Colorado and Pennsylvania, [Oil and Gas Investor](#) reported. Wood Mackenzie U.S. Lower 48 Research Director Robert Clarke said the Permian will continue to lead in exploration activity but warned that such an accelerated development may lead to reduced efficiency and higher costs for producers.

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Trump Nominates Alexander Acosta To Be Labor Secretary

The [AP](#) reports that President Trump nominated Florida International University law school dean Alexander Acosta to serve as labor secretary. Republicans "highlighted a key detail in Acosta's resume: He has won unanimous Senate confirmation three times – to a seat on the National Labor Relations Board, as the head of the Justice Department's Civil Rights Division and as US attorney in Miami." [Reuters](#) said that while Acosta "signed hundreds of opinions at the NLRB, some of which are sure to draw scrutiny from progressives, those familiar with his work described a careful, cautious public servant." The [Wall Street Journal](#) is more optimistic, saying in an editorial that Acosta has a solid record that should win the support of even Senate liberals.

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Commerce Department: Housing Starts Fell 2.6 Percent in January

The Commerce Department announced last week that January housing starts totaled an annualized 1.25 million, beating the 1.23 million pace predicted by economists but a 2.6 percent decline from the month before. [Bloomberg News](#) reported that permits rose by 4.6 percent to a 1.29 million annualized rate, "the fastest pace since November 2015 on a pickup in applications for apartment building." Single-family house construction increased 1.9 percent in January, while work

on multifamily homes “fell 10.2 percent.” Total housing starts “rose by 20 percent in the South and 55.4 percent in the Northeast,” but “fell 41.3 percent in the West and 17.9 percent in the Midwest.” Bloomberg adds, “While builder optimism eased this month, it’s still close to an 11-year high on hopes that President Donald Trump will ease regulations, making it easier to purchase or build a house.”

Meanwhile, in a [Shopfloor](#) piece, NAM Chief Economist Chad Moutray says the figures were promising, for both starts and permits. He said starts “pull[ed] back a bit after rebounding by 11.3 percent in December,” pointing to positive signs such as housing starts having “now exceeded 1.2 million in three of the past four months.” He says another positive sign is that they’re “up 10.5 percent over the past 12 months from 1,128,000 in January 2016,” and “much of the recent volatility has come from the multifamily segment, ranging from 271,000 units in September to 471,000 in December.” As for permits, it was “the fifth straight month with permits exceeding 1.2 million units, which was reassuring,” he says.

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Great Lakes Solutions Opens New Plant in El Dorado

Great Lakes Solutions – A Chemtura Business, recently opened a new 11,000-square-foot plant in El Dorado, according to an Associated Press report. Great Lakes Solutions is a longtime Associated Industries of Arkansas member.

Great Lakes officials joined Gov. Asa Hutchinson and local officials in opening the Pilot Plant at the company's South Plant.

Great Lakes said the expansion will mean six new jobs. Great Lakes has about 500 employees at three manufacturing plants in Arkansas.

Great Lakes Solutions manufactures bromine and provides materials and services for use in electronics, electrical components, building and construction, fine chemicals, agriculture, power generation, transportation, water treatment and the oil and gas industry.

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Southwest Power Pool Sets Wind Energy Record

Southwest Power Pool, a Crown level State Chamber Pinnacle member, recently became the first regional transmission organization in North America to provide more than 50 percent of its power load from wind energy, according to a report in *Arkansas Business*.

Its wind-penetration percentage, as the measure is known, was 52.1 percent, beating a previous 49.2 percent record set last year.

Wind penetration is a measure of the amount of total load served by wind at a given time.

The milestone was significant for SPP, a nonprofit corporation that manages the electric grid and wholesale energy market for the central United States. As recently as 10 years ago, SPP, headquartered in Little Rock, considered even a goal of 25 percent unrealistic.

SPP has consistently grown its delivery of renewable energy over the last two decades. Once so insignificant as to be labeled under “other” sources of power, wind energy made up about 15 percent of the power pool’s 2016 fuel mix for electricity generation, third behind gas and coal.

Installed wind-generation capacity increased in 2016 alone by more than 30 percent, and SPP's maximum simultaneous wind generation peak rose from 9,948 megawatts in 2015 to 12,336 in early 2016.

“The successful deployment of wind and other renewables in SPP is made possible because of its geographic diversity and robust transmission system,” according to an SPP news release. The organization’s footprint covers almost 550,000 square miles from the Canadian border in Montana and North Dakota to parts of New Mexico, Texas and Louisiana.

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Phoenix Investors Buys Former Whirlpool Building in Fort Smith

A Milwaukee investment firm has purchased the former Whirlpool manufacturing facility on Jenny Lind Road in Fort Smith, according to a recent story in the Fort Smith *Times Record*.

Phoenix Investors in Milwaukee has finalized the purchase of the 1.5 million-square-foot building at 6400 Jenny Lind Road, according to an announcement by the Fort Smith Regional Chamber of Commerce. Other Whirlpool distribution buildings were previously purchased by Spartan Logistics and FFO Home.

Phoenix's plans for the facility include "collaborating with other logistics and distribution enterprises to offer a centrally located hub for several companies," the Chamber said.

The building formerly used to manufacture refrigerators and freezers has been for sale since the closure of the Whirlpool facility in 2012.

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