



STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

September 12, 2016

Mr. Greg Clark, MP
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET
England

Dear Secretary Clark:

I hope this finds you well. I would like to congratulate you on your recent appointment as Secretary of State for the United Kingdom Department of Business, Energy, and Industrial Strategy. I recently led an Arkansas delegation to the United Kingdom to attend the Farnborough International Airshow. While the main focus of this visit concerned the exhibition for the aerospace and defense industries, this international travel presented a unique opportunity to also promote the wood energy industry and its increasing importance to the economy in Arkansas.

Because of the timeliness of your appointment and the interests of my state, I want to alert you, as the Governor of the State of Arkansas, to the vitality of both the forests in my state as well as the wood energy trade relationship between Arkansas and the United Kingdom. I am excited to announce that Arkansas's first full-scale biomass facility to manufacture compressed wood pellets that can be used to generate clean, renewable energy is expected to open later this year. Highland Pellets located in Pine Bluff, Arkansas, is set to open a \$130 million facility, which will create thirty-five new jobs for Arkansas and will help sustain hundreds of additional employees in segments like transportation and shipping, on which the wood energy export industry is reliant.

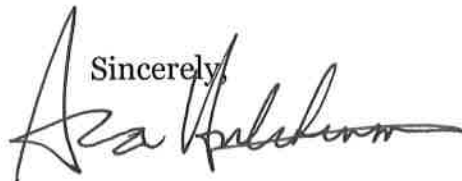
Wood pellets from the United States are produced through a chemical-free process and sourced from low-grade natural wood fiber, and are already being used in large-scale baseload power facilities as a renewable energy source across Europe. This technology provides baseload power to balance the energy grid

alongside other renewables, or can be used as a sustainable, low-carbon, low-cost substitute for coal.

This industry is important to Arkansas because it provides another incentive to forest landowners to sustainably manage their forests. By clearing out lower-grade wood fiber that is smaller, misshapen, or otherwise unmerchantable, higher-value trees for industries like sawtimber, are able to grow and thrive. This can also help create space required to plant new larger tree samplings, a necessity to sustainably manage the vast Arkansas forests. All of this is done in accordance with forest best management practices and guidelines that have kept the forests in the United States thriving and growing for decades. Additionally, multiple peer-reviewed scientific studies have found that these practices result in increased forest cover and support biodiversity and wildlife.

Targets and initiatives for renewable energy, carbon reductions and energy efficiency can be challenging to meet, but are necessary. I seek to continue to help you achieve those goals by providing you with sustainable wood energy, helping Arkansas's precious natural resources flourish for the generations and centuries to come.

The wood pellet industry offers a renewable source of carbon beneficial energy, which is important to Americans and Europeans alike. However, for the more than one-million workers employed in the forestry industry in the United States South, this industry means considerably more. Thank you for your continued partnership in trade and your commitment to the common objective in protecting the environment through sound resource management and sustainable, renewable energy practices.

Sincerely,


Asa Hutchinson