



STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

September 12, 2016

President Jean-Claude Juncker
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

Dear President Juncker:

I hope this finds you well. I recently led an Arkansas delegation to Europe to attend the United Kingdom's Farnborough International Airshow and then Germany, where I opened the new Arkansas Economic Development Commission European (AEDC) Office in Berlin. Though this office will be the third AEDC facility abroad, it is Arkansas's first European location. Arkansas is enthusiastic to further explore opportunities, which expand trade relations with the European Union member states, and the new office will be a valuable resource in the process.

This international travel presented a unique opportunity to promote the wood energy industry and its increasing importance to forest sustainability and continued economic growth in Arkansas. I believe that this renewable resource can help play a role in the global shift towards cleaner and more sustainable energy sources, as generating energy from wood pellets rather than coal can reduce emissions by up to ninety percent. Here in Arkansas, we make every effort to ensure that our forests are well-managed to preserve the health of what we consider to be among our most vital natural resources. The sustainable harvesting for the production and export of pellets represents less than a third of one percent of total pine pulpwood inventory and less than three percent of total forest removals by any forest products industry. This rate of extraction is expected to remain far lower than that of harvesting for other forest products.

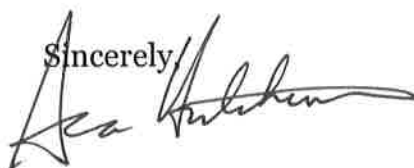
As you know, wood pellets from the United States are produced through a chemical-free process and sourced from low-grade natural wood fiber, and are already being used in large-scale baseload power facilities as a renewable energy source across Europe. This technology provides baseload power to balance the energy grid alongside other renewables, or can be used as a sustainable, low-carbon, low-cost substitute for coal.

As the Governor of Arkansas, I aim to maintain both the vitality of Arkansas's forests as well as the wood energy trade between Arkansas and nations within the European Union, since this partnership has been mutually beneficial to date. I am excited to announce that Arkansas's first full-scale biomass facility to manufacture compressed wood pellets which 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 which will help sustain hundreds of additional employees in segments like transportation and shipping, on which the wood energy export industry is reliant.

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 such as saw timber, 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 these practices result in increased forest cover and support biodiversity and wildlife.

Targets like the European Union's 20-20-20 plan for renewable energy, carbon reductions and energy efficiency are aggressive, but necessary. I seek to continue to help you achieve those goals by providing sustainable wood energy abroad, which in turn make the precious natural resources in Arkansas 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 our common objective in protecting the environment through sound resource management and sustainable, renewable energy practices.

Sincerely,


Asa Hutchinson