

INTERNATIONAL PARIS AIR SHOW

This year's Paris Air Show will take place at Le Bourget exhibition center, which last hosted it in 2013.

Photo courtesy of Verrier/Sunlight Image.





Paris BY AIR

Gov. Asa Hutchinson will travel to the International Paris Air Show next month, hoping to recruit more aerospace industry jobs and bolster the state's \$1.6 billion in exports from this sector.

BY ERIC FRANCIS

GOVERNOR ASA HUTCHINSON

From June 13 through 19, Hutchinson and a team from the Arkansas Economic Development Commission (AEDC) will attend the International Paris Air Show.

Photography by Sara Blancett Reeves.



COVER STORY

Less than six months into his first term as governor of Arkansas, Asa Hutchinson's thoughts have turned to Paris.

From June 13 through 19, Hutchinson and a team from the Arkansas Economic Development Commission (AEDC) will attend the International Paris Air Show — the first time the state has had an official presence there, though last year a delegation did attend the Farnborough International Airshow in England — and while there they will make the case that Arkansas is a smart destination for global companies looking to locate in the United States.

“When you consider the importance of exports to Arkansas, and particularly the European market,” said Hutchinson, “it’s essential that we are there competing with our neighboring states.”

Mississippi, Alabama, Oklahoma, and Missouri will all be there, as well as Florida, Ohio, Illinois, Utah, Virginia, New York, Washington ...

You get the picture. The competition will be thick on the ground in Paris, and Hutchinson is looking to go toe-to-toe with his fellow Americans, insofar as economic recruitment is concerned.

“I consider it an opportunity to expand the market for our goods, but also for foreign manufacturers that may not have considered Arkansas, particularly with our blossoming aero-defense industry, the aircraft industry in this state,” he said. “There’s a reason that so many other states will have a presence there. It is probably the best marketing opportunity for the aerospace industry at this show, and this is the first time we have participated at the [Paris] air show and the first time I’ve been there as governor.”

Hutchinson is going with a list of target companies (both at the air show and a subsequent trip to Germany), one that he was not inclined to disclose.

“They’ve made it clear I’m not supposed to talk about that list,” he said with a slight smile, referring to his newly appointed AEDC Executive Director Michael Preston, who was sitting across Hutchinson’s office in the State Capitol. “They have their target list, but we’ll keep that confidential and make sure that doesn’t hamper us in our efforts.”

They do hope to visit Dassault, the parent company of the Dassault Falcon Jet facility in Little Rock, and one of a dozen French-owned companies with 25 locations in the state. The German leg of their trip is likewise significant for the 24 German-owned companies with a presence in Arkansas.

“That’s, to me, the first opportunity to make sure those foreign-owned companies that are

located in Arkansas understand the governor of this state values their presence here and wants to be a good partner with them,” said Hutchinson. “Probably nothing speaks more loudly than for me to be in their neighborhood, expressing that.

“The first opportunity is always to expand our existing business here,” he added. “The second is to go after new business.”

And the important thing to keep in mind about going after new business, said AEDC chief Preston, is that it’s a long game.

“A company may not be thinking about an expansion today or in the next six months, but we want them to have Arkansas in their minds,” he said. “As long as we can get our foot in the door, I’m confident we can win a lot of those projects.”

This will be the first trip to the Paris Air Show for Preston, though he’s worked on “behind-the-scenes” preparation for such big shows in the past. The AEDC team’s job this year, he said, is to work the air show from the moment they hit the ground to the moment they leave.

“Our work is to go over there and sell the state of Arkansas, the CEOs, and the companies we represent there, who we are and what we have to offer,” he said. “Very seldom do you get the concentration of CEOs in the same venue, at the same event. Bringing the governor, the chief executive officer of the state, to an event like this shows we care about this industry, care about the opportunities this show presents.”

That includes the state’s existing airports, as well as its transportation infrastructure: Ports on the Arkansas and Mississippi rivers, railways, highways — things residents take for granted but an executive working in Europe won’t be familiar with. Preston also plans to point out that seven Fortune 500 companies, including Wal-Mart, are headquartered here, a fact representatives from other countries aren’t always aware of.

In addition to Preston himself, the AEDC team going to Paris includes Danny Games, deputy director for global business; Bentley Story, director of business development; Lenka Horakova, director of business development for Europe; Shelley Short, director of marketing; and Robin Pelton, the aerospace sector manager.

As with last year’s trip to the Farnborough International Airshow in England, a number of Arkansas aerospace employers are sending representatives along. This year that includes the Rogers-based World Trade Center Arkansas, Northwest Arkansas Regional Airport, Bill and Hillary Clinton National Airport, Arkansas Aeroplex in Blytheville, NanoMech of Springdale, and Gallery Support Innovations from Sherwood. Sponsoring the trip, but not attending, are the Arkansas State Chamber of Commerce and

the Arkansas Aerospace and Defense Alliance.

While the AEDC is an established avenue for attracting development to the state, the recently completed legislative session may have given Hutchinson more of the tools he needs to recruit aerospace companies and other manufacturers. A trio of bills he signed into law address workforce education directly.

One of those was the Arkansas Workforce Innovation and Opportunity Act, sponsored by state Sen. Jeremy Hutchinson of Benton (son of the governor’s brother, former U.S. Sen. Tim Hutchinson), a federally mandated piece of legislation necessary to get funds from Washington to workforce investment boards around the state.

The other two bills were sponsored by state Sen. Jane English of North Little Rock. The first established a state Office of Skills Development within the Department of Career Education, and, in turn, established a board to oversee creation of a comprehensive career education and workforce development program. The second,

the Workforce Initiative Act, was designed to create strategies for economic development through grants distributed by the Arkansas Higher Education Coordinating Board.

“The aircraft industry is a perfect example as to how our job skill training programs will fit into that,” Hutchinson said. “The investment we’re making dollar-wise in job skill training should be a boost to the industry as well; it certainly is a good marketing tool for us.”

Preston was also quick to tout these bills, calling them “a huge step in the direction we need to go.”

There was also a fourth relevant bill, requiring public and charter high schools to offer computer science, which Hutchinson believes will play into business recruitment in the long run. That legislation prompted *Wired* magazine to publish an article in March titled “So, Arkansas Is Leading the Learn To Code Movement.”

“We’re leading the curve,” said Hutchinson with noticeable pride; teaching all students to code was a goal he touted during his campaign. “This doesn’t mean we’ve produced the first results yet, but in terms of turning the economy

toward technology jobs, I think it all represents an opportunity.”

And given the level of technology involved in almost every modern manufacturing endeavor or these days, he said, it’s clear that producing technologically savvy students is going to increase not only their employability in the tech sector but also in sectors like aerospace, as well.

“It’s a good selling point that we have led in terms of computer science education,” said Hutchinson. “I think this is something we can market and talk about. ... It will take some time, but eventually we hope to get up to 20 percent of students studying computer science, 6,000 graduates every year with beginning skills for programing computers. That’s a huge shift for the economy of this state.”

There was one other bill, late in the session that also might factor into this recruitment trip, if in a less beneficial way. House Bill 1229, the Religious Freedom Restoration Act (or RFRA), brought the state a great deal of largely unflattering attention because of concerns it would

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— Gov. Asa Hutchinson

give legal protection to businesses and individuals who discriminated against gay, lesbian, bisexual, or transgender people. Hutchinson had expressed support for the bill early on but once it arrived at his desk, amid national media attention, he asked the House to recall the bill and replace it with one that mirrored the federal RFRA language, which happened and which Hutchinson signed.

Although the new bill removed the possibility of legal protection of discrimination by private businesses, state anti-discrimination law in Arkansas still doesn’t cover LGBT people, and after the session Hutchinson said he didn’t believe an executive order on workplace discrimination against LGBT employees was necessary. The European Union outlawed discrimination against LGBT citizens in employment in 2000.

“I don’t expect that to be an issue at all,” Hutchinson said. “We’ve sent the message loud and clear that we recognize and respect a diverse workforce in Arkansas. Our major international companies that are known globally have that reputation, and they’re located here. I see this as absolutely no issue.”



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In April, the Paris Air Show listed more than 2,000 confirmed exhibitors. Photo courtesy of Verrier/Sunlight Image.

What will certainly be an issue is the state's ability to provide incentives, either through programs administered by the AEDC or the governor's use of the Governor's Quick Action Closing Fund. (For more information on the state's use of incentives, see the article on page 14.) But they may not come into play until after Hutchinson and his team are back stateside.

"Those are closing tools," he said. "So at the air show and subsequently our calls we make in Germany, these are the foundational calls that we make. The availability of our incentives and the Quick Action Closing Fund are really designed to come in later and to compete with other states in trying to attract these companies.

"I think that's down the road," Hutchinson said. "We certainly want to make it clear we have good prospects, and there are tools we have that we can [use to] compete."

Preston echoed that sentiment. "That's something that's going to be part of a later discussion," he said. "I would back away from the table if I sat down with someone and the first thing they said is, 'Tell me what kind of deal you are offering.'"

Speaking of prospects, the governor and his team won't want for them at the Paris Air Show; in April, it listed more than 2,000 confirmed exhibitors.

One of those is Safran, a French aerospace and defense supplier with 69,000 employees and worldwide revenue of \$20.4 billion per year. It has operations in 22 U.S. states with nearly 7,000 employees in this country, and a quarter of its global revenue is generated here.

Read Van de Water, senior vice president of external affairs for Safran USA, discussed during a phone interview what the company looks for stateside when it considers bringing personnel or facilities here. On top of the list: a location near customers.

"We want to be convenient for our customer, but we do have some flexibility there," said Van de Water. "It depends on what is being made at the facility. Some of the things we make are very large and heavy, and long shipping distances would be difficult. Other things are smaller and more compact, and we would be able to ship at no great cost. So we don't necessarily go just where our customer is; we will look at other

states in the area to see where we can get a good deal for our investment."

One of its customers happens to be Dassault Falcon Jet, and since 2005 Safran has had engineers in that company's facility in Little Rock, where they work on electrical harnesses for the Falcon 7X.

"We often go where our customer is, assuming we can get a good deal from the state. It is a financial decision," said Van de Water.

To that end, the availability of tax relief and abatement also weigh on their decisions, she said.

Another factor cited is one familiar to anyone involved in economic development in this state: workforce education.

"We're interested in what states are doing in educating their workforce," said Van de Water. "We have come to partnerships with local community colleges to try and devise training programs to then take jobs at one of our facilities. That's not just a problem for us, but for all large manufacturers."

Asked if there are particular skill sets Safran needs, she said they were always looking for

Arkansas' Biggest Exports

The Arkansas Economic Development Commission categorizes all of the commodities produced in the state. These are the top five exports according to the portion of the revenue they generated out of the state's total export dollar value in 2014 of \$6.86 billion.

Description	2014	Share of Exports	Change from 2013
Aircraft, spacecraft, and parts thereof	\$1.63 billion	23.76%	Down 4.5%
Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof	\$720.0 million	10.5%	Up 10.54%
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	\$591.1 million	8.63%	Up 9.65%
Plastics and articles thereof	\$392.5 million	5.72%	Up 15.71%
Organic chemicals	\$362.9 million	4.29%	Down 4.74%

Source: Arkansas Economic Development Corp.

READ VAN DE WATER

Van De Water is the senior vice president of external affairs for Safran USA. During a phone interview she discussed what the company looks for stateside when it considers bringing personnel or facilities here. Photo courtesy of Safran USA.



“engineering support,” but that a variety of jobs were available at their facilities so it would be hard to generalize.

Finally, quality of living for employees is always considered. Van de Water was not familiar with the controversy surrounding House Bill 1228 during the legislative session, but she did note that Safran “doesn’t condone any kind of discrimination against our employees, and that’s something that’s very important to us.”

While Van de Water couldn’t divulge the exact plans Safran had for expanding its presence in the United States, she did note the U.S. government as the largest end-user of Safran products in the world.

“We’re very active and growing and we are always looking at different states, and we would love to meet the governor,” she said.

The trip to Paris may be a particularly noticeable economic development effort, but Hutchinson said it is only one part of his big-picture approach to the issue. Preston’s presence at AEDC, he said, is a key element to the long-term plan.

“I expect him to strategize and make rec-

ommendations to me in terms of our priorities,” said Hutchinson. “Obviously, I’ve got my own thoughts, and to me we have such a diverse economy in Arkansas — you’ve got to have a fairly broad list of target opportunities.”

In April, the governor visited the Helena Harbor, a port and industrial park in Helena-West Helena that was completed in 1993 and is something of a long-range planning poster child, having finally attracted its first major tenant.

“Enviro Tech is coming in from Modesto, Calif., the first real utilization of that port facility that is extraordinarily undervalued and underused,” said Hutchinson. “That’s an incredible opportunity for us to expand port oper-

ations along the river system. The aero-defense industry is an opportunity for expansion. The firearms manufacturers that are moving from the northeast and looking for locations are an opportunity for us. You could go on and on with that diversity of opportunity you have.”

Listening to Hutchinson, you quickly figure out his favorite word is “opportunity,” whether that’s making it or taking advantage of it.

“I think there are a lot of markets that are important to us,” the governor said. “China’s important to us. The immediacy of the opportunities in Europe is very unique, as well. With the traditional relationships and with what we’ve got going in Arkansas, I think it’s a genuine opportunity for us.” **AMP**