SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA News

Service Station Dealers of America and Allied Trades

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Government Affairs Update

By Roy Littlefield

November was a busy month in government affairs as the midterm elections took place on November 6th. The 2018 midterm elections were record breaking across the board. For the first time in history, 130 million Americans showed up to the polls to cast their vote. The midterm elections also broke the bank with a record $5 billion being spent by the conclusion of the races. Records were also set by the more than $1.3 billion being spent by outside groups. For all that was spent, dozens of candidates who spent more money than their opponents were not celebrating a win on election night. In fact, more than 90 percent of the incumbents who did run for re-election won their races. In at least 41 House races, the bigger spender lost – including 36 contests in which the Democrat outspent the Republican.

While it has taken some time to analyze the results and issue recounts in some places, we now have a clear picture of the congressional make-up for the next two years. Democrats will regain control of the House of Representatives, while the GOP will not only maintain control of the Senate but actually add a few seats to their majority.

For SSDA-AT, Democrats' taking control of the House increases the odds of winning permanent WOTC (Work Opportunity Tax Credit) in the new Congress. SSDA-AT will also be fighting on the issue of the estate tax as Democrats have signaled they want to roll back the doubling of the exemption passed by Republicans.

Following the election, SSDA-AT was briefed of the results by Former United States Senator Tim Hutchinson, Former U.S. Representative Randy Forbes, and Former U.S. Representative Albert Wynn. They believe that if Congress can work together, there may be some deals to be made on trade, immigration, privacy issues, and prescription drug costs.

SSDA-AT also remains focused on infrastructure funding proposals that could be introduced in 2019 or sometime during the 116th Congress. In November, we met with several key individuals who will be influencing infrastructure policy. These meetings included: Rep. Peter DeFazio (D-OR), Rebecca Higgins, Senate Environment & Public Works Committee (D), Richard Russell, Senate Environment & Public Works Committee (R), Helena Zyblikewycz, House Transportation & Infrastructure Committee (D), Rep. Sam Graves (R-MO), Rep. Jeff Denham (R-CA), Sen. Tom Carper (D-DE), U.S. Department of Transportation Secretary Jeffrey Rosen, Richard Russell, Senate Environment & Public Works Committee (R), Helena Zyblikewycz, House Transportation & Infrastructure Committee (R), Rebecca Higgins, Senate Environment & Public Works Committee (D), Katherine Tai, Chief Trade Council, House Ways & Means Committee (D), and we met to with Former Majority Leader Sen. Trent Lott to get his opinions as well. We discussed with these individuals the next steps on infrastructure legislation and a Highway Trust Fund fix.

From conversations we have had, there is no consensus on what the best option should be moving forward. Several dozen proposals for funding the highways and infrastructure remain circling Washington with no clear direction.

The Online Edge – What Your Business Needs to Thrive

By: Stephanie Santore, Net Driven

Does your business have an online presence? If so, are you doing all you can to ensure its virtual success? If not, what are you waiting for? Let's take a sneak peek at some statistical findings from the Pew Research Center. According to their most recent studies on the use of internet and technology it was found that:

- Roughly three-quarters of Americans, or 77%, now own a smartphone, which nearly doubles the former findings since the Center began its research in 2011.
- As of November 2016, nearly three-quarters, or 73% of Americans indicate that they have broadband service at home.
- Nearly seven-in-ten Americans now use social media. When the Center started tracking social media adoption in 2005, just 5% of Americans said they used these platforms. Today, 69% of U.S. adults are social media users.
- Half the public now owns a tablet computer. When the Center first began tracking tablet ownership in 2010, just 3% of Americans owned a tablet of some kind.

As you can see, now more than ever before, an online presence for your business is significant. And not just any online presence, but a quality one that provides a sense of credibility and legitimacy, turning its visitors into leads and sales, and contributing to the success of your business.

First impressions matter. If your business has a website, rest assured that internet users are navigating to it to formulate their opinion, to see what other people have to say about you, and to "screen" shop your services and products, which is much like window shopping, but with the ease of never having to actually visit your business's location.

Your business can now be accessible to the masses thanks to technology. Therefore, it's vital to have a way for potential clients to find you with the swipe of their fingertip and also to ensure you have a website that makes a good impression.

So, how do you go about trying to meet your customers' needs online?

Let's Talk Internet Marketing Best Practices

There are several factors that play into the creation of a well-made website that will help your business's online presence generate traffic and rank effectively:

Design & Layout

Visual presentation plays an important role in the functionality of a website. A high-performing website will provide a positive user experience. It helps to have a responsive web design. What makes a website responsive? Responsive design helps to generate leads and sales without any limitations based on user devices. So, customers can find your automotive service site on their tablet, smartphone, smart watch, etc., viewing your website efficiently from any screen size.

Content

Content is the reason why visitors come to a site. They are seeking information about your business and its services. The key is to provide relevant content that is easy for visitors to digest. Too much or too little and your visitors might go elsewhere to find what they're looking for. Check out what Moz has to say about content regarding search engine ranking. By providing unique content that moves

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The Online Edge – What Your Business Needs to Thrive

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beyond self- promotion and is easily digestible to the user, your website offers valuable information.

Calls to Action

Calls to action within a site's content and design come in the form of clickable links or custom buttons. It entices a visitor to take action beyond the page they are on, an action like submitting a form, requesting a quote, purchasing a product, or even just clicking a link that leads to another page with relevant information. Through a CTA, a user moves to take a specific action that will benefit your business. And action is what it's all about.

Credibility

A business with an online footprint is a business that can be found, recognized, and confided in. From building a solid and consistent brand across all channels, to maintaining an active social media presence, gaining positive reviews, managing your online reputation with products like Net Driven's Reputation Management.

Mobile Viewability

More and more people are looking at your site from a mobile phone or web enabled device. It seems like anything with a screen and a microchip in it is capable of getting on the internet these days. Make sure your site is viewable on a mobile internet enabled device.

Search Engine Optimization

At Net Driven, we drive the traffic that drives your business! It begins with a website that keeps local search in mind. A strong SEO foundation puts proven strategies to work and improves your ability to get found.

From understanding searcher behavior to using tested best practices, the SEO team at Net Driven works hard to ensure that your site has all of the key ingredients for SEO success. Look to us for:

- Keyword research performed for your business and target geographic
- Optimized meta tags for click through success
- Relevant industry content
- Local directory management
- SEO-friendly site architecture
- and more!

Don't have a website yet? What are you waiting for?! Talk to a representative from Net Driven today and ask about how we can help you create a website that not only generates traffic, but turns your traffic into leads and sales! Net Driven should be your choice for all your automotive internet marketing needs. Contact us today!

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Phillips 66 Unveils Plans for Crude Oil Pipelines to the Gulf Coast

Houston-based Phillips 66 said it is planning two oil pipeline systems that would stretch from North Dakota and Oklahoma to the Texas Gulf Coast.

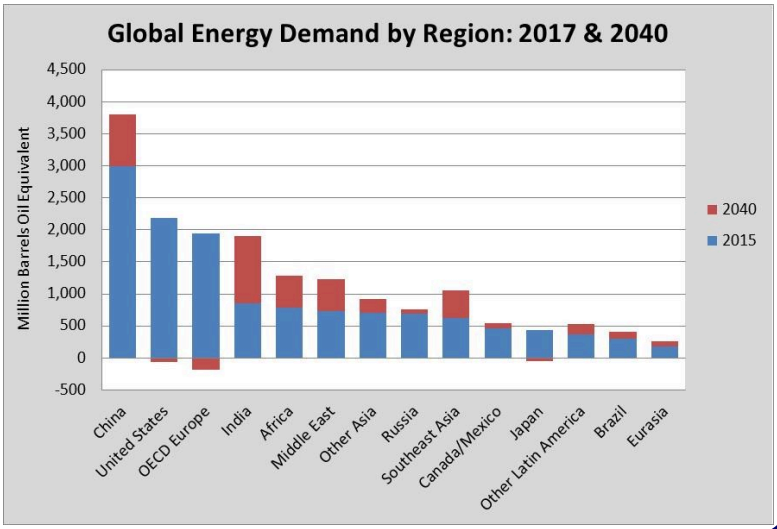
Phillips 66 said the proposed Liberty Pipeline would stretch from the Bakken Shale and the Rockies to Corpus Christi, presumably to take oil from North Dakota, Wyoming and Montana to refining and export hubs along the Texas Gulf Coast.

The project, which would ship 350,000 barrels of a crude a day, is tentatively slated for completion by the end of 2020.

U.S. Shale Driving Global Oil, Gas Supply Growth

Almost 75% of global oil production growth and 40% of natural gas supply growth could come from the US in the next six years, thanks to the hydraulic fracturing revolution, the International Energy Agency said in its yearly World Energy Outlook report.

The IEA predicts US shale oil production will more than double to 9.2 million barrels daily by the middle of the next decade before flatlining and eventually declining by 1.5 million barrels daily in the 2030s.



Elections Improve WOTC's Position In Congress

Democrats' taking control of the House increases the odds of winning permanent WOTC in the new Congress that's seated in January.

Current Ways and Means Chairman Kevin Brady will become the ranking member of Ways and Means, and Congressman Richard E Neal (D-MA), the present ranking member, will take the chair.

Contrasted to Congressman Brady's declared aim to end WOTC, Chairman Neal and committee Democrats rallied around Congressman Ron Kind's amendment to make WOTC permanent during markup of tax reform last year.

Now Democrats will form the majority of Ways and Means in the 116th Congress and Chairman Brady may be leading the minority without two strong allies, Dave Reichert (R-WA) who is retiring, and Peter Roskam (R-IL) who is in a race too close to call.

Overall, we can expect a favorable attitude toward WOTC by Ways and Means Democrats provided we continue to stress its effectiveness and stick to evidence-based statements when communicating with members and staff.

We don't know who'll form the leadership of the House next year—there may be a challenge to Minority Leader Pelosi. However, we can be confident the Ways and Means tradition, of advancing by seniority, means that Congressman Neal will succeed to the chair and currently-serving Democrats will retain their seats.

In sum, the odds have improved significantly for winning permanent WOTC when 116th Congress takes up an extender measure next year, when several tax provisions including WOTC expire.

This doesn't mean our job will be easy. Democrats who voted against the tax cuts of TCJA made hay during the election by denouncing the resulting budget deficits; they'll make deficit reduction a top priority when they take charge of the House. In that situation, Congress chose in the past to extend WOTC a few years at a time, impairing its effectiveness over the years.

Congress returned on November 13th to take up a "technical corrections and extenders" bill to deal with expired tax provisions, including Empowerment Zone employment credit and Indian employment tax credit. Members should also continue pressing the case for applying WOTC to the recent hurricane disaster areas, to the new Opportunity Zones, and to repeal the BEAT tax or remove its impact on WOTC.

SSDA-AT will be focusing on making WOTC permanent in 2019 under the 116th Congress.

EACH YEAR...EMPLOYERS CLAIM OVER $1 BILLION IN FEDERAL TAX CREDITS UNDER THIS PROGRAM...

W.O.T.C

WORK OPPORTUNITY TAX CREDIT

What Does the Election Mean for Steel Trade?

The hotly contested November election is finally behind us. The Democrats took control of the House of Representatives for the 116th Congress, while the Republicans retained control of the Senate. What does that mean for steel trade?

Congress must approve the new North American free trade deal negotiated by the Trump administration before it can take effect. The so-called United States-Mexico-Canada Agreement (USMCA) is likely to face added scrutiny now that the Democrats control the House. Dems reportedly want stronger labor and environmental protections in the new agreement. President Trump has threatened to terminate the existing NAFTA agreement if he does not get his USMCA deal. Whether he has the authority to terminate such a trade pact without congressional approval may have to be decided by the courts.

The USMCA "free trade" agreement with Canada and Mexico does not address the Section 232 tariffs on steel and aluminum imports into the U.S. Naturally, officials from Canada and Mexico strongly oppose them. The administration continues to insist that the tariffs are necessary to ensure U.S. national security. Some Democrats in Congress are among the skeptics who believe the national security claim is just an excuse to protect the domestic steel and aluminum industries and artificially raise prices. Now that they are in control, expect the Democrats to call for hearings on Section 232 and its effects on downstream steel-consuming industries, as well as foreign policy hearings on the tariffs and relations with U.S. allies.

Wrangling over the USMCA may result in a relaxation of the tariffs for Canada and Mexico, which would complicate the tariffs and quotas for other U.S. allies. Add to that the prospect of U.S. litigation over the tariffs and increased activity at the World Trade Organization as disputes continue, and 2019 will provide many opportunities for change in steel and aluminum policy, according to Washington trade attorney Lewis Leibowitz.

The Impact on Steel Prices

With the 25 percent Section 232 tariff in place on imports from China and other unfriendly rivals, as well as allies like Canada and Mexico, U.S. steel imports are down significantly. Through the first 10 months of the year, total st

eel imports declined by more than 11 percent compared with the same period in 2017.

With less competition from foreign mills, domestic steelmakers were quick to raise prices and ramp-up production. The mills now are operating above 80 percent of their capacity, maintaining production at the highest rates seen in a decade. Publicly traded mills have reported record revenues and profits. In a sign of their prosperity, they have

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What Does the Election Mean for Steel Trade?

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agreed to share the wealth in new contracts with the United Steelworkers. Union workers are set to receive a 14 percent raise over the four-year term of the newly negotiated labor pact, plus improvements to health care and retirement benefits.

Steel prices have not reacted entirely as expected in the second half of this year, however. The benchmark price of hot rolled steel peaked in July at around $915/ton. Since then, the market has seen a correction. Despite continued strong demand from service centers, manufacturers, and fabricators, steel prices have declined by more than 12 percent in the past few months. Lead times on spot orders from the mills have shortened considerably, indicating that they are less busy and more willing to negotiate on price to fill their order books.

In an effort to slow the price erosion, leading mills announced their intention to raise flat-rolled prices by $40/ton on Oct. 10. But the increase failed to stick, and prices have continued to inch downward (see Figure 1).

Steel Market Update's canvass of the market on Nov. 11 found the following prices on hot-rolled, cold-rolled, and galvanized steels (FOB the mill, east of the Rockies): Hot-rolled averaged $800/ton ($40.00/cwt), with lead times of three to five weeks. Cold rolled averaged $900/ton ($45.00/cwt), with lead times of five to eight weeks. The base price of galvanized coil averaged $900/ton ($45.00/cwt), with lead times of four to nine weeks. Including extras, benchmark 0.060-inch G90 galvanized averaged around $978/ton. The average base price for Galvalume was $905/ton, with lead times of six to eight weeks.

Steel plate is the exception to the price correction, with demand still outstripping supplies and mills keeping customers on allocation. Plate averaged $1,010/ton FOB delivered to the customer's facility, with lead times of five to nine weeks.

While the price trend is difficult to assess as mills begin taking orders for what is expected to be a strong Q1 2019 for the U.S. economy, SMU has shifted its Price Momentum Indicator from "neutral" to "lower" (see Figure 2), meaning we believe prices are likely to continue declining over the next 30 to 60 days.

Prospects for the economy and steel demand in 2019 rest in large part on what happens on the political front. House Democrats, who have been unable to get anything going on Capitol Hill for two years, will be eager to challenge the administration on issues as diverse as Russia, infrastructure, health care, immigration, and trade.

"Elections always matter," Leibowitz said, "but this one perhaps more than most."

OPINION COLUMN- 3 Variables of Delegation

I was still adapting to my new position on the West Coast when I got a call from my boss, Ed, in New York. Our company president had assigned him the task of arranging for a new warehouse in the Phoenix area. Ed explained things, and I asked a few questions. At the end of the conversation, he said, "Okay, it's your baby. Go get us a warehouse."

That's delegation, and without it, not much would get done in business. The president of our company delegated a job to my boss, and he, in turn, delegated it to me.

Even though Ed had given me the responsibility for finding that warehouse, he was still the one responsible to his boss. One of the key things about delegation is that you can assign the responsibility for a job to someone else, but you're still responsible for their behavior. That may not always be fair, but that is always the way that it is.

Misperceptions About Delegation

Too much writing about delegation ignores the realities. One reality is that delegation is not a single act, it's a whole series of connected acts.

When my boss assigned me the job of finding a new warehouse, he didn't just do it once and then wait for my final report. We were in touch throughout the project. That made it easy to deal with issues when they came up and improved the likelihood that we would complete our assignment effectively.

The other big misperception about delegation is that it's always a good thing. Some writers even put delegation on one side and micromanagement on the other side, with delegation as the good thing and micromanagement as the bad thing. Reality is a lot more complex than that. Here are the three variables to consider if you want to delegate effectively.

Consider the Person

You might choose to not delegate at all, or delegate differently, depending on the person involved. Different strokes for different folks.

My boss knew that I had the ability to do what he was asking me to do. We'd worked together for a while. He knew the assignments that I handled and my strengths and weaknesses. He also knew that he didn't need to "motivate" me to do a good job.

When you consider delegating a task to a team member, think about their strengths and weaknesses and personal style. Think about how they act and the kinds of assignments they've handled.

Do they have the skills necessary to do the job you're assigning? If not, this could be a developmental opportunity for them, but it will mean

OPINION COLUMN- 3 Variables of Delegation

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you will have to pay closer attention to the details.

Is that team member the sort of person who chips in to help others when it's necessary? If so, no worries. But if the person has required close supervision in the past, they'll probably need it this time, too.

There's also a special case to consider here. If you're using this as a developmental assignment, you may find that a team member who normally chips in enthusiastically might hold back a little bit. That's normally because the new task is something they're not confident about. In that case, your job is to coach them, help them achieve some small wins, and build their confidence.

Consider the Situation

Every situation is different and sometimes the differences make you choose alternate ways to follow up. Ask yourself whether the assignment might be dangerous for your team member, the company, or others. If so, you might want to check in more often or review actions while they're still in the planning stage. You might even want to reserve some decisions for your more experienced consideration.

Consider the Work

The work, the actual task itself, is the third key variable. Make sure your team member has all the resources he or she needs to get the job done. Resources include money, people, support services, and time.

On my "Get us a warehouse" assignment, there were a few times when I needed help from my boss. One important one was that he broke through a bottleneck in the legal department by walking to their offices and handling a thorny issue face-to-face.

Pay attention to how you pass your assignment along. I learned part of my leadership trade in the Marines. We used what's called a "mission order."

A mission order is an instruction that gives the person receiving it a clear idea of what needs to be accomplished, which leaves the details of how to accomplish the mission up to them. The Army has something similar under the heading "Commander's intent."

The concept goes all the way back to Helmuth von Moltke in the late 19th Century. His description is still the best.

"The rule to follow is that an order shall contain all, but also only, what subordinates cannot determine for themselves to achieve a particular purpose."

Bottom Line

Delegation is a critical skill for a leader. Handled well, delegation is a means to accomplish great things, to help team members grow and develop, and build confidence and trust. Before you delegate, consider the person and resources available to them, consider the situation, and shape your assignment to give them the maximum freedom to choose the best way to do things.

U.S. Crude Output to Surpass 12 Million Barrels Per Day by Mid 2019: EIA

U.S. crude oil production is expected to average 12.06 million barrels per day (bpd) in 2019, passing the 12 million bpd milestone sooner than expected on surging domestic shale output, the U.S. Energy Information Administration said.

For 2019, production is expected to rise 1.16 million bpd from the prior year, more than EIA's previous forecast for a 1.02-million bpd rise.

The agency's monthly report said EIA expects production to surge above 12 million bpd in the second quarter of 2019, sooner than its previous estimate of the fourth quarter.
Output this year is forecast to rise by 1.55 million bpd to 10.90 million bpd. That projected increase is an upward revision from its earlier estimate of a 1.39 million bpd rise.

A shale revolution has helped push U.S. crude production to record highs, rivaling top producer Russia and outpacing Saudi Arabia. Russian oil output reached another 30-year high of 11.41 million barrels per day in October.

The increase in U.S. production has largely come from the Permian basin, the largest U.S. oilfield, and the Bakken, where production has soared to new peaks.

"U.S. crude oil production reached a record milestone in August 2018, when it exceeded 11 million barrels per day for the first time," EIA Administrator Linda Capuano said. "U.S. production has exceeded EIA's previous expectations and, as a result, the short-term outlook now forecasts U.S. crude oil production to exceed 12 million barrels per day in 2019."

For 2018, U.S. oil demand is expected to rise by 510,000 bpd to 20.47 million bpd, EIA said, slightly raising its previous forecast of a 450,000 bpd rise to 20.41 million bpd.
For 2019, oil demand is estimated to rise by 220,000 bpd, a small downward revision from the previous estimate of a rise of 230,000 bpd.

As supply grows, the oil market has grown more concerned about the demand outlook, particularly as trade tensions between the United States and China threaten growth in the world's two biggest economies and as currency weakness pressures economies in Asia.

Oil prices fell with U.S. crude touching the lowest since early April.

Midterms Shift Balance in Washington for Oil Sector

After almost a decade of oil-friendly Republicans controlling Congress, the energy sector faced a dramatically different landscape Wednesday on Capitol Hill.

Where Republicans pushed an end to the oil export ban and looser environmental regulations around drilling, the new Democratic-led House is expected to be more interested in combating climate change than boosting oil and gas production.

But with Republicans still controlling the White House and Senate, Democrats will have their work cut out for them in pursuing any legislation that does not carry GOP support.

"It'll be noisier. There will be hearings o-rama. But in terms of action not so much," said Robert McNally, president of the Rapidan Energy Group, a consulting firm outside Washington. "We don't see them rolling President Trump, but the pace of deregulation at EPA will probably slow down because officials will be much busier dealing with subpoenas."

Even before the election Democrats made clear they planned to conduct oversight hearings into Trump's campaign to cut back regulation around oil and gas drilling and other industrial activity.

Rep. Frank Pallone, D-N.J., who is expected to chair the House Energy and Commerce Committee, said last week that Democrats would "focus on the need to address climate change by looking at its impacts on our communities and economy, and by holding the Trump administration accountable for dangerous policies that only make it worse."

Without key allies like Rep. John Culberson, R-Houston, who lost to political newcomer Lizzie Fletcher, and Rep. Pete Sessions, R-Dallas, who lost to former NFL player Colin Allred, energy executives are expected to be called to Washington to explain their role in the Trump administration's regulatory rollbacks.

But looking across the nation, Tuesday's election did not come without some good news for Texas' oil business.

A proposed carbon fee in Washington state was defeated in a referendum, as was a Colorado proposal to ban oil and gas drilling within roughly half a mile of buildings. Rep. Carlos Curbelo, R-Fla., who has been campaigning for a carbon tax, narrowly lost his re-election bid.

During the midterm campaign, climate change was a much used topic for Democratic candidates as they sought to illuminate their differences from their Republican opponents.

But with Democrats failing to achieve the so-called "Blue Wave" they had hoped for, there are questions how seriously Democratic leaders like expected House Speaker Nancy Pelosi are going to focus on climate change, despite pressure from the party's environmental wing.

"At the grass roots level, there's a lot of concern about imposing costs on voters," McNally said. "The message they're going to take from Tuesday night is we need to move to the center. It's all going to be about 2020 now."

Trump: Oil Prices Should be Much Lower

President Trump said he hopes Saudi Arabia and OPEC don't cut oil production hours after the Saudi energy minister indicated the country would reduce its output next month.

"Hopefully, Saudi Arabia and OPEC will not be cutting oil production. Oil prices should be much lower based on supply!" Trump tweeted Monday afternoon.

Saudi Arabia said it would cut its oil output by 500,000 barrels per day in December.

CNN reported that Saudi Energy Minister Khalid Al Falih said members of OPEC could further reduce supply next year to balance the market.

The organization could reach a decision at its Dec. 6 meeting in Vienna.

"The consensus among all members is that we need to do whatever it takes to balance the market," Al Falih said, according to CNN. "If that means trimming supply by a million [barrels per day], we will do it."

Tensions between Saudi Arabia and the United States have been on the rise since the killing of a U.S.-based journalist, Jamal Khashoggi, at the Saudi Consulate in Istanbul.

Trump has called the killing of Khashoggi the worst cover-up ever, but has indicated that he does not want the murder to interfere greatly in the U.S.-Saudi economic relationship.

Reports over the weekend indicated that the administration has heard a tape of Khashoggi's killing.

Oil production increased in November in an apparent effort to balance the market as the U.S. reimposed sanctions on Iran's oil sector.

Trump has repeatedly criticized OPEC and called on the organization of oil exporters to help lower gas prices, to little avail.

In June, he again blamed the organization for "artificially high" gas prices, tweeting that "OPEC is at it again."

In July, he accused the organization of doing "little to help" rising gas prices.

In September, he threatened to end military support for Middle Eastern countries if OPEC did not address oil prices.

International Energy Agency sees Crunch on Oil Consumption

An oil crunch is looming on the horizon in the absence of government intervention and unprecedented output increases, the IEA said.

One scenario anticipates peak oil in 2040.

Global demand for oil will continue to increase until 2040, the International Energy Agency (IEA) said, but peak oil could be reached around 2020 if there were serious government interventions to address climate change.

Without major government policy interventions and investment in oil supplies, there is likely to be a supply crunch in coming years.

Oil demand is expected to increase to 106 million barrels per day (mbd) by 2040, 11 mbd more than today, according to the IEA's flagship publication World Energy Outlook 2018.

Demand will be driven by developing economies led by China and India, although this may be offset by more advanced economies reducing consumption up to 2040 due to the increasing use of renewables and implementation of other efficiencies, as well as more electric cars on the road.

Still, oil consumption will continue to grow in coming decades, due to rising petrochemicals, trucking and aviation demand.

The forecasts were part of a New Policies Scenario, which takes into account faster economic growth and changes to fuel efficiency policies in the United States.

In the Sustainable Development Scenario, where governments take active policy measures to tackle climate change in line with Paris Climate change agreements, global oil demand peaks around 2020 and in nearly every country by 2030.
This requires that by 2040 gas and diesel vehicles are 40 percent more efficient today, half the world's car fleet becomes electric, a quarter of buses are electric and a fifth of truck fuels are low or zero carbon.

"There are also major changes in most other sectors and as a result, total oil demand in 2040 in this scenario is 25 mbd lower than today," IAE said. "On the supply side, lower demand and prices mean that production levels are down across the board."

However, IEA said the level of conventional crude oil resources approved for development is in line with the needs of the Sustainable Development Scenario, but that this would meet only half of the level needed to meet demand growth in the New Policies Scenario.

The United States, already the world's top oil producer due to its shale revolution, is projected to lead new oil production up to 2025, accounting for 75 percent of increases. However, after 2025 shale oil starts to decline and OPEC members would have to produce more.

"But meeting this growth in the near term means that approvals of conventional oil projects need to double from their current low levels. Without such a pick-up in investment, US shale production, which has already been expanding at record pace, would have to add more than 10 million barrels a day from today to 2025, the equivalent of adding another Russia to global supply in seven years – which would be an historically unprecedented feat," the IEA said.

It's Time to Review Your Handbook: NLRB Changes the Rules on Workplace Rules

The National Labor Relations Board last year overturned an established standard for determining if workplace rules comply with the National Labor Relations Act.

The National Labor Relations Act protects the right of workers to engage in "concerted activities for the purpose of collective bargaining or other mutual aid or protection." Section 7 of the NLRA protects employee rights in both union and nonunion workplaces to discuss working conditions, including pay.

In 2004, the National Labor Relations Board addressed the rules employers could include in employee handbooks. The NLRB's *Lutheran Heritage Village-Livonia* decision stated that workplace rules violated the NLRA if they would "reasonably tend to chill employees in the exercise of their Section 7 rights."

Throughout the Obama administration, the NLRB steadily tightened these restrictions, leading to a 2015 memorandum detailing eight different categories of employer rules. Essentially, any rule that might chill employees from exercising their Section 7 rights became unlawful.

The clock turned back in December 2017, when the NLRB issued its decision in *The Boeing Company*. Now the NLRB has issued a memorandum providing employer guidance reflecting *The Boeing Company* decision.

Three Workplace Rule Categories

It delineates three workplace rule categories outlined in *The Boeing Company* decision.

> "***Category 1*** will include rules that the Board designates as lawful to maintain, either because (i) the rule, when reasonably interpreted, does not prohibit or interfere with the exercise of NLRA rights; or (ii) the potential adverse impact on protected rights is outweighed by justifications associated with the rule."
>
> "***Category 2*** will include rules that warrant individualized scrutiny in each case as to whether the rule would prohibit or interfere with NLRA rights, and if so, whether any adverse impact on NLRA-protected conduct is outweighed by legitimate justifications."
>
> "***Category 3*** will include rules that the Board will designate as unlawful to maintain because they would prohibit or limit NLRA-protected conduct, and the adverse impact on NLRA rights is not outweighed by justifications associated with the rule."

It's time for clients to update their employee handbook. You may be able to reinstate some rules that were cut in response to the NLRB's 2015 memorandum. The new NLRB memorandum provided numerous examples.

Category 1 Examples

Many common workplace rules are covered in Category 1, as long as they meet certain requirements.

> **Civility rules.** Employers may ban behavior that is "rude, condescending or otherwise socially unacceptable" without violating the NLRA.
>
> **No photography or recording rules.** Employers may generally bar pho-

It's Time to Review Your Handbook: NLRB Changes the Rules on Workplace Rules

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tography and recording devices at work without violating the NLRA. However, employees engaged in legitimate whistleblowing activities may have rights under whistleblowing laws enforced by state agencies or the Occupational Safety and Health Administration.

Insubordination rules. It does not violate the NLRA to prohibit being "uncooperative with supervisors … or otherwise engaging in conduct that does not support" the employer's goals and objectives.

Disruptive behavior rules. Employers may bar disturbances "on Company premises or creating discord with clients or fellow employees." Note, however, that the NLRA still permits strikes and walkouts.

Confidentiality rules. Rules banning the discussion of confidential, proprietary or customer information are generally lawful. Make sure the rule does not mention employee or wage information.

Rules against defamation or misrepresentation. Employers may ban employees from misrepresenting "the company's products or services or its employees."

Category 2 Examples

Category 2 rules will be judged on a case-by-case basis. Examples include:

Broad conflict-of-interest rules that do not specifically target fraud and self-enrichment and do not restrict membership in, or voting for, a union.

Confidentiality rules broadly referring to "employer business" or "employee information," as opposed to rules covering customer or proprietary information or rules targeting employee wages, terms of employment or working conditions.

Rules barring criticism of the employer, as opposed to civility rules concerning disparaging employees.

Rules regulating use of the employer's name (as opposed to rules regulating use of the employer's logo or trademark).

Rules generally restricting speaking to the media or third parties.

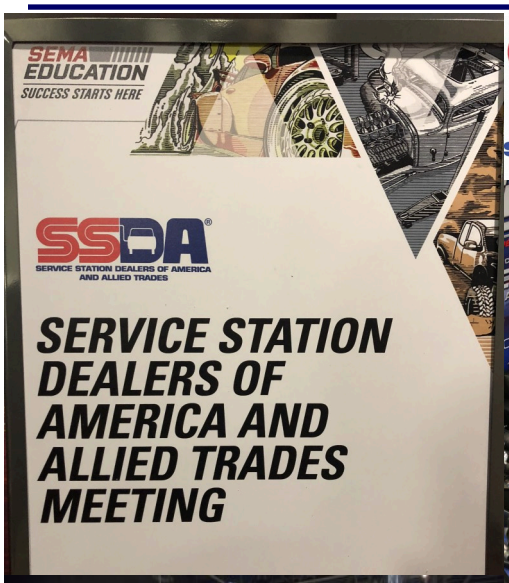
Category 3 Examples

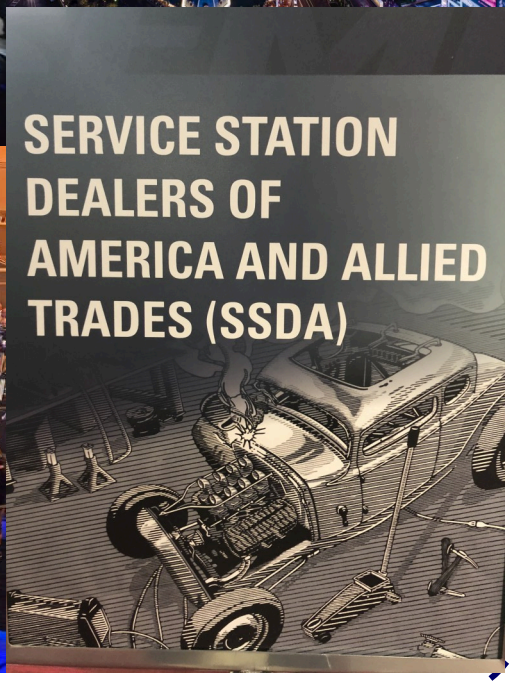
Category 3 rules are always unlawful. Examples include:

Confidentiality rules specifically regarding wages, benefits or working conditions.

Rules against joining outside organizations or voting on matters concerning the employer.

Thank you to all those who attended the SEMA show and SSDA-AT meeting in Las Vegas!





U.S. Supreme Court Holds ADEA Applies to All Government Employers, Regardless of Size

The U.S. Supreme Court has ruled that the Age Discrimination in Employment Act (ADEA) applies to state and local government employers, regardless of their size. The Court rejected an Arizona fire district's argument that it could not be held liable for age discrimination under the ADEA because it only applied to state and private employers with at least 20 employees. The ADEA defines "employer" as a person "engaged in an industry affecting commerce who has 20 or more employees; the term also means (1) any agent of such a person, and (2) a State or political subdivision of a State." The Court held that a natural reading of "also means" indicates a new category of employers that is not subject to the 20-employee threshold set forth in the first part of the definition. Based on this interpretation, the Court ruled that the ADEA applies to state and local employers, regardless of their size.

Requiring Employees to Use Paid Leave During FMLA Leave

Family and Medical Leave Act (FMLA) leave is generally unpaid. During unpaid FMLA leave an employer can require that employees use paid time off (PTO) or other types of employer- provided paid leave such as vacation or sick leave. The FMLA regulations provide, however, that if during FMLA leave an employee also receives benefits, in any amount, from a disability plan or workers' compensation, the FMLA leave is not unpaid. Because the FMLA's general rule permitting employers to require employee substitution of paid leave only applies to unpaid FMLA, during periods of FMLA when any income replacement is received, employers cannot require employees to substitute paid leave. This exception to the FMLA general rule applies regardless of the amount of income replacement received. For example, if an employee taking FMLA is also receiving disability benefits or workers' compensation benefits that replace two-thirds of their income, the employer may not require that the employee use PTO (or other paid leave) to make up for the one-third of income not covered by the disability or workers' compensation benefits. The employee can, however, be required to use paid leave during a waiting period before benefits are received, because the limitation is triggered by the receipt of income replacement benefits. Employers should review their FMLA policies and practices to ensure they properly administer the substitution of paid leave. We recommend all employers have their Employee Handbook reviewed on an annual basis by SESCO to ensure compliance.

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