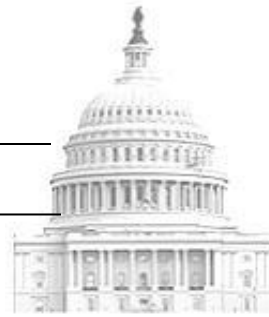




INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA – UAW



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Determinations: Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation

Docket ID No. EPA-HQ-OAR-2015-0827

Comments Submitted by

President Dennis Williams, International Union, UAW

[SUBMITTED TO www.regulations.gov]

December 30, 2016

The Honorable Gina McCarthy, Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, D.C. 20460

Dear Administrator McCarthy,

The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) appreciates the opportunity to comment on Determinations: Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Docket ID No. EPA-HQ-OAR-2015-0827).

The United States' motor vehicle industry is large, profitable, competitive, and one of the key cornerstones of our manufacturing sector. The domestic motor vehicle assembly and parts industries are vital to the U.S. economy and it is imperative that we remain strong and competitive now and in the future. Nearly 900,000 people work in the auto and auto-parts manufacturing sectors alone. In fact, the majority of UAW members and retirees work in or are retired from the motor vehicle assembly and parts industries. These workers, their families, and their communities are impacted by these standards. It is important to acknowledge that the industries' economic impact extends far beyond those directly employed by manufacturers. When jobs from other sectors that are dependent on the auto industry are included, the industry is responsible for 7.25 million jobs nationwide, or almost 4% of private-sector employment.¹ The impact of regulations must be viewed in the context of how they could impact families and communities in addition to how they could impact global warming and climate change.

We are proud of the role we played in reaching a consensus among a wide variety of stakeholders including the Obama Administration, federal and state regulators, the automobile industry, environmental advocates, elected officials, and many others to significantly reduce greenhouse gases (GHG) and raise the average fuel economy of light-duty vehicles sold in the United States by creating the "One National Program" that was implemented in 2012. We were also active in the construction of the first ever heavy-duty and vocational vehicles standards. We reject the false calculus, espoused by some, that environmental regulations always cost jobs. It is not a zero-sum equation. Well-constructed regulations crafted with input from stakeholders can protect the environment while simultaneously supporting existing jobs and creating jobs in new advanced technology sectors of the economy. This is not theoretical; UAW members know firsthand that Corporate Average Fuel Economy (CAFE) and green

house gas (GHG) standards have spurred investments in new products that employ tens of thousands of our members.

The One National Program must continue to recognize the long-term importance of manufacturing a diverse fleet of motor vehicles. Emission standards must do all that is possible to incentivize investment and manufacturing in the United States. It is in our national economic interest to have a diverse set of vehicles manufactured in the United States. Regulations should never incentivize automakers to move production out of the U.S. or import more passenger cars as a path towards compliance with the standards. The greater importation of efficient vehicles ultimately undermines domestic manufacturing, workers, and communities.

The UAW supports maintaining and, when necessary, improving flexibility provisions to allow automakers to successfully meet the standard's stringency levels going forward. Regulations that force unproven and/or prohibitively expensive technologies can adversely impact the industry and lead to the loss of thousands of manufacturing jobs. No one wins when consumers decide to keep less efficient vehicles for a longer period of time to avoid purchasing a new vehicle. Effective regulations must strike a delicate balance of addressing climate change, creating good jobs for working families, and promoting domestic manufacturing.

There have been substantial challenges implementing existing regulations in the past and significant challenges are likely for MY 2022-2025 as the stringency standards significantly increase. In future years, regulations must strike a delicate balance to achieve their objectives while not adversely impacting working people and domestic manufacturing. The Environmental Protection Agency (EPA)'s decision to abide by 2022-2025 standards will place significant pressures on the industry and it will be more important than ever to harmonize competing standards and create a truly national program. We urge the EPA, the National Highway Traffic Safety Administration (NHTSA) and the California Air Resources Board (CARB) to continue working with each other and stakeholders to ensure there is one, consistent standard.

EPA's decision to end the midterm review and finalize standards should reduce the likelihood of competing standards and will provide certainty to an industry that needs ample lead time to plan for production. In an ideal world, we would have preferred a lengthier midterm review and that appropriate modifications were made to the regulations. Since that has not occurred, it is more important than ever for the regulators and Congress to take appropriate, targeted actions to harmonize programs.

UAW supports appropriate modifications to further harmonize the programs. For example, by law, NHTSA has a limitation of 5 years during which credits can be carried forward while EPA has no such guidance or restrictions. EPA has appropriately allowed its credits to exist for as many as 11 years. This flexibility allows automakers to "bank" credits in the early years and use them later when the stringency is higher. This mechanism creates incentives for companies to invest in new technologies and work to over-comply with standards. Unfortunately, credits expire after five years under the NHTSA program thus undermining this important incentive and the very goals of the regulations.

The treatment of off-cycle technologies provides another example of the need for productive communication. Off-cycle technologies achieve fuel economy improvements not captured by standard test procedures. Engine start-stop technologies, solar panels on hybrids, and certain aerodynamic improvements fall into this category. Measures auto makers take to improve efficiency and reduce emissions should be accounted for. Fortunately, for MY 2014 and later, EPA recognized the benefit of

these technologies and provided off-cycle credits to automakers that implemented these and other similar technologies. EPA provided a pre-approved list of technologies and credit values. In addition, automakers can petition to expand the list. NHTSA has a similar program starting in 2017 but is not providing those credits earlier. Credits should be applicable for all programs and model years.

We urge EPA, NHTSA, and CARB to continue information sharing and communication with stakeholders to create a single harmonized National Program. Key issues include credits and off-cycle technologies. We support working towards a harmonized credit structure that creates incentives for automakers and suppliers to continue investing in new advanced technology. This is by no means a static industry as major advances in technology are happening in real time. Advances in technology and changes in consumer preferences are clearly unpredictable and regulations should recognize this reality. For example, in recent years, low gas prices have created disincentives for consumers to buy expensive vehicles with new technologies. The payback period is longer for consumers to recover their investment. These basic realities make it extremely important for EPA and NHTSA to maintain and enhance flexibilities in the program.

Finally, we urge the incoming Trump Administration and the 115th Congress to maintain our nation's commitment to improving fuel efficiency and reducing emissions. The basic structure and design of the One National Program was carefully constructed by a wide array of stakeholders and should be kept intact and not dramatically altered. We cannot afford to go back to the drawing board. Our competitors around the globe are working to strengthen environmental standards and it would be counterproductive to enact policies that provide disincentives for investing in advanced technologies and improving efficiency. History has taught us that a diverse fleet is essential for strong export sales and keeping jobs in the United States. Efficiency and emission standards can and must continue to be a win-win for the environment, working families, domestic manufacturing and the overall economy.

The need to address climate change is real and urgent. We must act to protect our future and the future of our children and grandchildren. There is no scientific debate on the connection between fossil fuel consumption, rising carbon dioxide levels in the earth's atmosphere, and climate change. Climate change is real and we ignore it at our own peril. The need for a comprehensive strategy to address climate change could not be clearer and we all have responsibility to act.

The UAW stands ready to work with all stakeholders on sensible regulations that create jobs and protect the environment.

Thank you for considering our views.

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1. Hill, Kim, Deb Menk, Joshua Cregger, and Michael Schultz. Contribution of the Automotive Industry to the Economies of All Fifty States and the United States. January 2015.