



THE UNITED STATES-MEXICO-CANADA AGREEMENT (USMCA) AUGUST 2019

Background: The Motor & Equipment Manufacturers Association (MEMA) represents more than 1,000 vehicle suppliers that directly employ over 871,000 Americans in all 50 states – the largest manufacturing sector of jobs in the United States. Together with indirect and employment-induced jobs, the total U.S. employment impact of the supplier industry is 4.26 million jobs. Suppliers are part of a complex, global, multi-tiered supply chain providing materials, components, and systems for a wide range of vehicles – from passenger cars to commercial trucks – from new original equipment to aftermarket parts.

Since 2012, direct jobs with vehicle suppliers increased 19 percent. Much that employment growth can be tied to the North American Free Trade Agreement (NAFTA), which played a critical role in the development and strengthening of the region’s supply chains. MEMA was pleased that the United States-Mexico-Canada Agreement (USMCA) remained a three-party pact and included modern provisions reflecting today’s trade environment.

Position: MEMA strongly supports the USMCA and urges the U.S. Congress to pass it without delay. The USMCA will provide economic certainty and opportunity for manufacturing growth in the United States and throughout the region.

As USMCA moves forward in the congressional process, there are issues that are of critical importance to suppliers:

- MEMA applauded the removal of Sec. 232 tariffs on steel and aluminum imported from Mexico and Canada without quotas. These countries are our nation’s closest allies and tariffs are incongruous with the overall goals of the USMCA. MEMA looks forward to working with all the parties to fully understand the steel and aluminum monitoring and surge protection processes.
- Implementing regulations must be balanced and reflect the administrative burden of compliance with the new automotive rules of origin. All aspects of the supply chain will have to reconfigure, modify, and train personnel on revised administrative systems.
- Uniform regulations must provide suppliers with clarity about the implementation of the ROO requirements.
- Accompanying legislation should provide incentives for U.S. companies to train and expand the U.S. workforce.

MEMA is confident that the USMCA, when passed by the Congress and signed by the President, will support a vibrant supply chain, U.S. jobs, and global competitiveness.

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POTENTIAL SECTION 232 TARIFFS ON AUTOMOBILES AND VEHICLE PARTS AUGUST 2019

Background: The Motor & Equipment Manufacturers Association (MEMA) represents more than 1,000 vehicle suppliers that directly employ over 871,000 Americans in all 50 states – the largest manufacturing sector of jobs in the United States. Together with indirect and employment-induced jobs, the total U.S. employment impact of the supplier industry is 4.26 million jobs. Suppliers are part of a complex, global, multi-tiered supply chain providing materials, components, and systems for a wide range of vehicles – from passenger cars to commercial trucks – from new original equipment to aftermarket parts.

Open markets, integrated supply chains, and access to component parts and raw materials provide the framework for growth and jobs in the supplier industry. Suppliers utilize many components and subcomponents that are not always available domestically. Potential Sec. 232 tariffs on imported automobiles and vehicle parts undermine certainty and job creation in the U.S. vehicle industry. If imposed, drastic tariffs will increase the costs for vehicle parts manufacturers, ultimately increasing costs for vehicle manufacturers and consumers.

Global suppliers have substantial direct investment in the U.S. supporting hundreds of thousands of jobs across the nation. The vehicle industry is in the midst of a significant period of change and is under notable pressure. Suppliers are more pessimistic about the next 12 months than at any time since the economic downturn in 2008-2009. This pessimism is driven primarily by trade policy uncertainty and declining vehicle sales. Stress is being felt by entire vehicle industry up and down the supply chain, stifling U.S. investment and growth.

Placing additional, broad tariffs on an already stressed industry will only cause further harm to its overall global competitiveness. Small- and medium-sized motor vehicle parts manufacturers, such as Tier 2 and Tier 3 suppliers, are particularly susceptible to increased costs, squeezed margins, and added burdens. Many of these smaller companies are already feeling the negative impacts of tariffs on imported steel and aluminum and Chinese goods.

Position: Imported automobiles and vehicle parts, particularly from key U.S. allies – the European Union, Japan, and Korea – are not a national security threat. MEMA has consistently urged the administration not to impose any Sec. 232 tariffs on imported automobiles or vehicle parts.

MEMA supports legislation to return trade authority to Congress and create a role for the legislative branch in imposing tariffs under Sec. 232. MEMA urges Congress to consider and pass legislation this year on this topic.

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SECTION 232 TARIFFS ON IMPORTED STEEL AND ALUMINUM

AUGUST 2019

Background: The Motor & Equipment Manufacturers Association (MEMA) represents more than 1,000 vehicle suppliers that directly employ over 871,000 Americans in all 50 states – the largest U.S. manufacturing sector. Together with indirect and employment-induced jobs, the total U.S. employment impact of the supplier industry is 4.26 million jobs. Suppliers are part of a complex, global, multi-tiered supply chain providing materials, components and systems for a wide range of vehicles – from passenger cars to commercial trucks from new original equipment to aftermarket parts.

Position: MEMA opposes broad application of Sec. 232 tariffs levied on imported raw and semi-finished steel and aluminum. MEMA applauded the announcement that Sec. 232 tariffs on steel and aluminum from Mexico and Canada were removed without quotas.

- Suppliers utilize significant amounts of these materials to manufacture millions of parts and components.
- Open markets, integrated supply chains, and access to raw materials provide the framework for economic growth and jobs in the industry.
- Motor vehicle suppliers utilize many specialty materials and products that are not available domestically.
- Tariffs on steel and aluminum, which have been in place since 2018, have led to increased costs of materials, ultimately increasing prices for products for vehicle manufacturers and consumers.
- Small- and medium--sized motor vehicle parts manufacturers, such as Tier 2 and Tier 3 suppliers, are already feeling the negative impacts such as increased costs, squeezed margins, and added administrative burdens, all of which weaken the supply chain.

MEMA Supports Growth and Investment in the U.S. and Urges Policymakers to:

- Provide for continued access to critical raw materials for the entire supply chain;
- Streamline the product exclusion process. Also, any exclusions should be in effect for more than one year; and,
- Broaden the administration's country- and product-specific approach to this issue. Moving away from blanket quotas or tariffs on all steel and aluminum imports would be helpful.

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TRADE WITH CHINA AND SECTION 301 TARIFFS

AUGUST 2019

Background: The Motor & Equipment Manufacturers Association (MEMA) represents more than 1,000 vehicle suppliers that directly employ over 871,000 Americans in all 50 states – the largest U.S. manufacturing sector. Together with indirect and employment-induced jobs, the total U.S. employment impact of the supplier industry is 4.26 million jobs. Suppliers are part of a complex, global, multi-tiered supply chain providing materials, components and systems for a wide range of vehicles – from passenger cars to commercial trucks – and applications – from new original equipment to aftermarket parts.

Beginning in 2018, USTR imposed three rounds of tariffs, now at a rate of 25 percent, on approximately \$250 billion in products from China as a result of the administration’s Sec. 301 investigation into China’s intellectual property rights (IPR) violations and forced technology transfer practices. An additional \$300 billion in products from China will be subject to 10 percent tariffs beginning September 1, 2019. These tariffs are additive to other tariffs, like Sec. 232, resulting in a cumulative adverse impact on suppliers.

Products subject to these tariffs include thousands of HTS codes that vehicle suppliers import, including thousands of vehicle parts captured under HTS subheading 8708, as well as hundreds of other materials and parts outside of that subheading that directly impact the motor vehicle parts manufacturers (e.g. chemicals, metals, fuel pumps, windshield wipers, seats, glass, and many other components or materials used by suppliers.) Many of these products/inputs undergo further manufacturing in the U.S.

These tariffs, which are being paid largely by U.S. companies, are adversely impacting the success and growth of many suppliers by placing them at a competitive disadvantage to their global counterparts. Additionally, China has enacted retaliatory tariffs on billions of dollars-worth of American goods. Ultimately, these actions erode U.S. jobs.

Position: MEMA supported the U.S. investigation into China’s IPR violations and submitted detailed comments to USTR outlining the industry’s experience in China. China’s policies on forced technology transfer and other anti-competitive practices are harmful to the industry and must be corrected.

However, MEMA remains concerned about the impact on the vehicle industry and the overall economy from these blanket tariffs. MEMA continues to urge the administration to engage in serious, bilateral negotiations with China. China, the U.S., and other countries must work together to encourage China to protect IPR and more towards a free market economy. This should include leveraging the powerful relationships the U.S. has with other trading partners to pressure China to consistently enforce their own IPR laws and comply with international IPR laws, agreements, and regulatory norms.

As the U.S. continues negotiations with China, MEMA urges negotiators to focus on an agreement that constitutes real change in China’s viewpoint towards protecting IPR and includes requirements that are truly enforceable.

MEMA opposes the continued imposition of blanket tariffs on a broad section of imports from China and instead urges the administration to consider other mechanisms to encourage compliance.

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INFRASTRUCTURE

AUGUST 2019

Background: The Motor & Equipment Manufacturers Association (MEMA) represents more than 1,000 companies that manufacture motor vehicle components and systems for use in the light- and heavy-duty vehicle original equipment and aftermarket industries. Motor vehicle parts suppliers contribute more than 77 percent of the value in today's vehicles.

MEMA members' products are produced, manufactured, and delivered by light- and heavy-duty vehicles that travel on the nation's roads, highways, and bridges. A network of modern, efficient, and safe highways is critical to the U.S. economy and maintains the competitiveness of vehicle suppliers in a global economy.

Position: In recent years, extensions of the Highway Trust Fund (HTF) have not kept pace with increased construction costs and demand for highway projects. As a result, existing highways and bridges need repair and broader surface transportation infrastructure needs to be modernized.

MEMA urges Congress to acknowledge highway funding as part of infrastructure investment that addresses innovation and safety, manufacturing productivity, competitiveness, and consumer transportation needs. Specifically, MEMA supports:

- **Protecting the Spectrum for Vehicle Safety Communications.** Deployment of vehicle-to-vehicle and vehicle-to-everything (V2V/V2X) communications technology is an important step towards automated vehicles reaching their full potential. Suppliers have spent years developing communications technologies, including devices that allow vehicles to communicate with one another and with surrounding infrastructure. MEMA does not support proposals re-channel the "Safety Spectrum" because it may interfere with safety signals as well as compromise system interoperability and cybersecurity. MEMA urges Congress to ensure the preservation of the 5.9 GHz spectrum.
- **Funding Infrastructure Elements to Facilitate "Smart Highways" and Advanced Vehicles.** As advanced and automated vehicles are further developed and deployed, specific direction will be necessary to ensure that vehicles and roads are operating as intended. Congress should require the U.S. Department of Transportation to develop requirements for consistent lane markings and signage to allow a full range of camera, LiDAR, radar, and sensor assisted vehicles to function appropriately and properly.
- **Increasing the Motor Fuel Tax as the Primary Funding Source for the Highway Trust Fund.** The tax should be annually adjusted to the Consumer Price Index (CPI) or other appropriate economic measurement, to keep pace with inflation and construction costs. MEMA believes that the motor fuel tax is more equitable than a mileage-based fee (Vehicle Miles Traveled tax) or highway tolls, which could place an unfair burden on some highway users and increase congestion and delays. In addition, MEMA urges Congress to explore other funding methods such as Public-Private Partnerships (P3) and an Infrastructure Bank as options that can complement the Highway Trust Fund and state highway projects. These projects must address the needs of the 21st century vehicle fleet.

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ENHANCED SAFETY AND AUTOMATED VEHICLES

AUGUST 2019

Background: The Motor & Equipment Manufacturers Association (MEMA) represents more than 1,000 companies that manufacture motor vehicle components and systems for use in the light- and heavy-duty vehicle original equipment and aftermarket industries. Motor vehicle parts suppliers contribute more than 77 percent of the value in today's vehicles.

Suppliers invest in and lead the way in developing and deploying a wide range of passive and active safety systems. More than 94 percent of traffic crashes are the result of human error. Thus, the potential impact of innovative, transformative vehicle safety technologies is wide-reaching and unprecedented. Examples include numerous types of advanced driver assistance systems (ADAS), vehicle-to-vehicle and vehicle-to-everything (V2V/V2X) communications, and automated driving systems (ADS). When crash avoidance and mitigation technologies are combined with decades of improved crashworthiness features, the safety benefits that could be realized in the U.S. cannot be ignored.

Position: MEMA urges policymakers to support measures to further enhance vehicle safety, including:

- **Passage of Automated Vehicle Legislation.** Legislation should direct the National Highway Traffic Safety Administration (NHTSA) to take steps to advance the safe deployment of ADS-equipped automated vehicles (AVs). Key AV policy priorities for vehicle suppliers to be addressed in the legislation are:
 - » Suppliers' ability to test ADSs on public roads, and
 - » Clarifying the distinction between federal and state roles in regulating AVs.
- **Updating the Voluntary U.S. New Car Assessment Program (NCAP).** MEMA strongly supports adding crash avoidance technologies to the crashworthiness NCAP 5-Star Ratings system and published on new vehicle stickers. NHTSA must develop a roadmap with clear milestones to enhance the program by adding crash avoidance technologies with the largest safety benefit potential addressing the most common types of crashes.
 - » An improved NCAP will better inform consumers about ADAS features and lead to greater understanding and adoption of these technologies in new vehicles without necessitating new mandates. Continued delays to update NCAP are missed opportunities to reduce crashes and save lives.
- **Protecting the Spectrum for Vehicle Safety Communications.** Deployment of vehicle-to-vehicle and vehicle-to-everything (V2V/V2X) communications technology is an important step towards automated vehicles reaching their full potential. Suppliers have spent years developing communications technologies, including devices that allow vehicles to communicate with one another and with surrounding infrastructure. MEMA does not support proposals re-channel the "Safety Spectrum" because it may interfere with safety signals as well as compromise system interoperability and cybersecurity. MEMA urges Congress to ensure the preservation of the 5.9 GHz spectrum.

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FUEL ECONOMY AND VEHICLE EMISSION STANDARDS FOR LIGHT-DUTY MOTOR VEHICLES AUGUST 2019

Background: Motor vehicle suppliers take a leading role in researching, developing, and deploying innovative technologies that reduce vehicle emissions and improve fuel efficiency. These technologies are critical for vehicle manufacturers to meet federal corporate average fuel economy (CAFE) and greenhouse gas (GHG) emissions targets for light-duty vehicles.

In April 2018, the U.S. Environmental Protection Agency (EPA), as part of the midterm evaluation process for evaluating whether model years (MYs) 2022–2025 standards are still feasible, released its Final Determination finding that the GHG standards for MYs 2022–2025 are not appropriate and should be revised. In August 2018, EPA and the National Highway Traffic Safety Administration (NHTSA) released a notice of proposed rulemaking (NPRM) entitled the “Safer Affordable Fuel-Efficient Vehicles Rule” (SAFE) that proposes a preferred scenario of a zero percent increase year-over-year from MYs 2021–2026 for the CAFE and GHG standards and elimination of many of the credit programs.

Position:

- **MEMA Supports Continued Progress in the Standards.** Motor vehicle suppliers support continued year-over-year increases to the stringency of the CAFE and the GHG vehicle emissions standards for light vehicles starting in 2021 and extending until 2026. Of the alternatives proposed in the NPRM, a year-over-year increase of 2 percent and 3 percent for cars and light trucks, respectively, would best preserve long-term supplier investments and employment and ensure the U.S. continues to be a global technological leader.
- **MEMA Supports the Stability of a One National Program Negotiated with California.** The National Program’s aligned, long-term targets have provided the domestic supplier industry with significant economic and technology development opportunities and significant job growth. A negotiated agreement with California would avoid a long, drawn-out legal dispute in the courts, which would have damaging effects on regulatory certainty for the industry.
- **MEMA Supports Continuing and Expanding the Credit Programs.** MEMA supports the agencies continuing the current credit programs - particularly the off-cycle, air conditioning (A/C) efficiency, and the alternative mobile A/C refrigerant credit programs. Continuation and expansion of these credit programs will ensure continuous innovation and improvements in supplier technologies, regardless of the stringency of the standards.
- **MEMA Supports the Role of Lightweighting in Fuel Efficiency.** Lightweighting is an important part of the overall strategy for improving fuel efficiency and improving product performance. Lightweighting technologies, validated by stricter NHTSA standards and improved crash ratings, do not compromise vehicle safety.
- **MEMA Supports the Vehicle Innovation Act (S. 1085/H.R. 2170).** This legislation promotes investments in research and development of clean vehicle and advanced safety technologies to increase fuel efficiency.
- **MEMA Supports the Driving America Forward Act (S. 1094/H.R. 2256).** This bill expands the electric vehicle and hydrogen fuel cell tax credits.

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HEAVY-DUTY VEHICLE TECHNOLOGY

AUGUST 2019

Background: Commercial vehicles, *i.e.*, medium- and heavy-duty trucks and off-road equipment, play a vital role in the U.S. economy, safely transporting goods, services, and people on the nation's roadways. Suppliers develop, manufacture, and deploy the technologies that make commercial vehicles safer, more fuel efficient, and control emissions all while meeting increasing regulatory and customer demands. The commercial transportation ecosystem needs balanced policies that support innovation and technology, while also providing long-term certainty.

Position:

- **MEMA Supports the Final Rule for Greenhouse Gas Emissions (GHG) and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles (Phase 2) Including the Provisions Regulating Glider Kit Emissions.** Suppliers invest significant resources to develop and deploy the technologies necessary to assure the standards are attainable and cost-effective for vehicle manufacturers. The 2016 Phase 2 final rule provides suppliers regulatory certainty as they make these investments, and the rule maintains the coordination between the U.S. Environmental Protection Agency (EPA), the National Highway Traffic Safety Administration (NHTSA) and the State of California. MEMA supports the compromise in the Phase 2 rule allowing a limited number of glider kits and remanufactured engines per manufacturer that are not required to meet the emissions standards.
- **MEMA Supports the U.S. EPA Undertaking the Cleaner Truck Initiative to Set an Updated NOx Standard for Heavy-Duty (HD) Vehicles and Engines.** An updated national NOx standard would help deploy innovative technologies developed by suppliers. MEMA supports policies that enable the introduction of new technologies necessary to support sustainable mobility.
- **MEMA Supports Policies to Encourage Commercial Vehicle Fleet Owners and Independent Owner-Operators to Install and Deploy Advanced Vehicle Safety Systems.** Motor vehicle parts manufacturers develop and manufacture a variety of proven advanced safety technologies that could avoid or mitigate crashes involving commercial vehicles.
- **MEMA supports incentives that encourage the purchase and installation of these lifesaving technologies.** As an example, MEMA has long urged Federal Motor Carrier Safety Administration (FMCSA) to include credits to fleets that install these technologies via its "Beyond Compliance" program.
- **MEMA Urges Congress and the Administration to Consider and Include Commercial Vehicles in Policies that Focus on Automated Vehicles (AV).** As industry stakeholders and government officials prepare for a future of improved mobility that includes a suite of technologies that enable automated vehicles, the role of commercial vehicles must be included. Any policies must create a single, national AV framework and allow suppliers the ability to test and evaluate prototypes. Additionally, federal policies must preserve the 5.9 GHz spectrum for the safe and effective communications of intelligent transportation systems.
- **MEMA Supports the Vehicle Innovation Act (S. 1085/H.R. 2170).** This legislation authorizes research, development, deployment, and commercial application activities for advanced technology components which will improve fuel efficiency and reduce emissions.

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THE VEHICLE AFTERMARKET INDUSTRY

AUGUST 2019

Background: The U.S. aftermarket industry ensures that quality parts and service choices are available to the more than 281 million vehicles that travel more than three trillion miles annually on our nation's roads. Vital to U.S. jobs and the overall economy, U.S. aftermarket suppliers manufacture and remanufacture quality replacement components used for the maintenance and repair of passenger cars, light trucks, and commercial vehicles. This includes not only vehicle parts, but also chemicals, tools, and equipment necessary to keep vehicles operating safely and efficiently.

Most maintenance and repair work occurs at independent repair shops. The average age of light vehicles in the U.S. is 11.8 years, fostering the desire among motorists for affordable and convenient parts and service. Considering the number of oil changes, brake jobs, and replacements of batteries, filters, wipers, hoses, belts, and sophisticated vehicle electronics that a vehicle requires in its lifetime, it is easy to see why the \$305 billion aftermarket segment is steadily growing.

Position: MEMA urges Congress and the administration to support:

- **Policies that Protect Consumer Choice for Service and Parts.** New vehicles contain enhanced electronics and software critical to diagnostic and repair work. Vehicle owners rely on convenient, cost-effective solutions for maintenance and repair. Independent repair shops comprise approximately 70 percent of the service bay capacity and provide a convenient and affordable solution for vehicle service. Conversely, new car dealers only represent 28 percent of service bays.

Congress should promote policies that allow access to vehicle data and software, supporting motorist freedom-of-choice for vehicle repair. The repair industry, including aftermarket manufacturers, remanufacturers, and diagnostic test equipment companies, must have access to vehicle software necessary to repair vehicles on behalf of consumers. This will ensure continued convenience, affordability, and a competitive market for vehicle servicing.

- **Policies that Protect Intellectual Property Rights (IPR).** Protection and enforcement of IPR are critical to promoting U.S. innovation, growth, and global leadership. Brand owners face counterfeiters who steal intellectual property and sell fake goods. A wide range of motor vehicle parts components are being counterfeited, including many safety-related parts, such as brakes and brake pads, brake fluid, emission components, structural parts, and automotive lighting.
- **Policies that Encourage Vehicle Safety Inspection Programs.** Currently, only 15 states have motor vehicle safety inspection programs. However, these programs serve a critical role in maintaining the safety of vehicles on the road and preventing vehicles that fail inspection from operating on the nation's roads and highways. This is particularly important since the average age of cars on the road is 11.8 years. MEMA urges Congress to support expanding vehicle safety inspection programs, which could also be an additional resource in notifying consumers of open vehicle recalls.

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WORKFORCE CHALLENGES IN SUPPLIER INDUSTRY

AUGUST 2019

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Motor vehicle parts suppliers rely on a strong technical workforce, particularly in the wake of the transformation in vehicle technology and mobility. For the supplier industry to continue to innovate and remain competitive, companies need the right workers with the right skills at the right time. Workforce development and training is a necessary tool to satisfy these employment needs.

The hiring and retention of skilled workers is a key challenge. “Over the next decade nearly 3.5 million manufacturing jobs likely need to be filled. The skills gap is expected to result in 2 million of those jobs going unfilled,” according to a recent study. The motor vehicle industry faces additional hurdles in attracting the right talent, as many young adults may not view this industry in the same light as other high tech-oriented industries.

Throughout the country however, the supplier industry plays an important role by participating in a variety of state, local, and regional workforce-related endeavors to acquire talent and enhance employee training.

Position: MEMA urges Congress to move forward with additional policies that will provide new and greater incentives to both employers and workers.

- **MEMA Urges Congress to Include Additional Workforce Training Provisions in Legislation to Implement the U.S.- Mexico-Canada Agreement (USMCA).** USMCA contains significant changes and new requirements for suppliers to bring jobs back to the United States. In any legislation focused on USMCA implementation, Congress should include resources to allow suppliers access to additional federal resources to assist with training necessary to fill additional jobs in the industry that will be created by USMCA.
- **MEMA Supports the White House Apprenticeship Initiative.** As the White House moves forward with this initiative, suppliers recommend that the administration include streamlined administrative processes, allow flexibility in the types of apprenticeship programs, and expand programs for broader occupations beyond the traditional construction programs.
- **MEMA Urges Meaningful H-1B Visa Reform that Will Not Lead to Increases in the Skills Gap.** At times, suppliers rely on highly skilled, qualified foreign workers when similar skilled American workers are unavailable.

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REMANUFACTURING (SUSTAINABLE MANUFACTURING)

AUGUST 2019

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Remanufacturing – a key driver of a green, circular economy – represents an important and growing segment of U.S. manufacturing.

Remanufacturing is the standardized industrial process of producing high-quality goods – a second time – by reusing materials and conserving embodied energy in existing products. It is “manufacturing with re-use” – the tried-and-true process of an environmentally-friendly industry that has been around for decades. Examples of remanufactured goods in the motor vehicle industry include powertrain, steering and suspension components, and electronic control modules.

Different industry sectors use different terms to identify the **remanufacturing process**. That is acceptable, as long as a sector’s term aligns with the U.S. International Trade Commission (ITC) definition of “an industrial process that restores end-of-life goods to original working condition or better.” For instance, in the automotive and commercial vehicle sectors, the term is **remanufacturing** itself; in aviation and aerospace, the reference is **maintenance, repair and overhaul (MRO)**; and for consumer goods and electronics, the term is **refurbishing**.

In 2014, the Federal Trade Commission ruled that the term remanufactured should be used only when a product is rebuilt in a factory setting. Recent bilateral trade agreements also recognize the reality by defining remanufactured goods as a unique, third classification, i.e., they are neither new nor used.

In October 2015, President Obama signed legislation requiring federal agencies to encourage the use of remanufactured parts when maintaining federal vehicle fleets. The legislation stemmed from a 2013 Government Accountability Office (GAO) report on the uses and benefits of remanufactured parts.

Position: MEMA urges Congress and the Administration to support:

- **Policies that Encourage the Use of Remanufactured Goods.** At the state level, California and Michigan have passed legislation directing state fleet administrators to prioritize the use of remanufactured components as part of their maintenance programs. Similar legislative efforts have taken place in New York and Pennsylvania, and MEMA supports continued expansion of similar programs.
- **Alignment on the Definition of Remanufacturing Across Government Agencies.** The remanufacturing industry – at both the federal and state level – continues to face misperceptions regarding remanufactured goods. For example, while MEMA recognizes the regulatory need for the FDA to identify a process that could negatively modify an existing device, calling it “remanufacturing” contradicts the commonly accepted definition published by the ITC. Alignment on the proper definition will curtail confusion among consumers and advance the U.S. economy and international trade.

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