



Comments of the
Motor & Equipment Manufacturers Association
to the
International Trade Administration
U.S. Department of Commerce
on the
Request for Comments on U.S. Clean Technologies Export Competitiveness Strategy
Docket No. ITA-2021-0005
October 15, 2021

The Motor & Equipment Manufacturers Association (MEMA) submits these comments to the International Trade Administration (ITA) at the U.S. Department of Commerce (Commerce) on the request for comments on a U.S. Clean Technologies Export Competitiveness Strategy. MEMA understands that this action is prompted by the Presidential Executive Order “Tackling the Climate Crisis at Home and Abroad,”¹ which ITA indicated will be used to develop strategies and implementation plans for integrating climate considerations into its international work – specifically export promotion. MEMA offers the following input regarding some of the questions posed in the *Federal Register* notice for ITA’s consideration.

Introduction

MEMA represents about 900 vehicle suppliers that develop innovative technologies and manufacture and remanufacture original equipment (OE) and aftermarket components and systems for use in passenger cars and commercial trucks.² Vehicle suppliers operate in all 50 states, directly employ over 907,000 Americans, and represent the largest sector of manufacturing jobs in the United States. Direct, indirect, and induced vehicle supplier employment accounts for over 4.8 million U.S. jobs and contributes 2.5 percent to U.S. GDP.³

Across the entire range of new vehicle innovation – from automated driving systems to zero-emission technologies – vehicle suppliers are leading the way. Vehicle suppliers conceive, design, and manufacture the OE components, systems, and technologies that make up more than 77 percent of the value in new vehicles. A typical vehicle can include 30,000 components and subsystems, the majority of which are developed through vehicle part manufacturers. Additionally, vehicle suppliers manufacture and remanufacture a multitude of aftermarket parts and materials for the service, maintenance, and repair of 290 million vehicles on U.S. roadways. Regular maintenance and repairs made possible by a robust aftermarket are critical to keep consumers’ vehicles performing safely and optimally. Overall, vehicle supplier innovation provides a multitude

¹ Executive Order [No. 14008](#), 86 Fed Reg 7619

² MEMA represents its member companies through its four divisions: Automotive Aftermarket Suppliers Association (AASA); Heavy Duty Manufacturers Association (HDMA); MERA - The Association for Sustainable Manufacturing; and Original Equipment Suppliers Association (OESA).

³ [U.S. Labor and Economic Impact of Vehicle Supplier Industry](#), MEMA and IHS Markit. February 2021.

of technologies and a wide range of products to improve vehicle safety, emissions, and efficiency. This technology development allows the U.S. vehicle industry to be more innovative, globally competitive, and lead the world on the path of enhanced mobility for all citizens.

MEMA's comments to the ITA's questions will focus on the types of "clean technologies" suppliers develop and produce in the U.S.

Scope - Question 2:

What clean technologies offer the most significant immediate opportunities for U.S. exports of associated goods and services?

MEMA believes there is a significant opportunity to expand U.S. exports of vehicle components, systems and technologies that improve vehicle efficiency and reduce vehicle emissions.

Vehicle suppliers are committed to providing innovative, affordable, and accessible technologies needed to continue reducing vehicle emissions and meet the administration's goal of economy-wide net-zero emissions by 2050. MEMA recently reiterated its positions and reinforced its commitment broadly supporting the recently proposed federal emissions greenhouse gas emissions standards for light-duty vehicles from the U.S. Environmental Protection Agency (EPA).⁴ MEMA also testified before the National Highway Traffic Safety Administration in general support of the proposed rules to update the Corporate Average Fuel Economy (CAFE) Standards.⁵

Motor vehicle suppliers are often the primary innovator and developer of vehicle technologies. As such, vehicle suppliers continuously anticipate the needs of vehicle manufacturers and take on the initial investments and commit significant resources in developing multiple emissions-reducing technology solutions, including electrified powertrains, to assist vehicle manufacturers in meeting emissions standards. Consequently, suppliers take on substantial associated risks by driving a wide array of technology advancements and innovative materials needed to improve vehicle safety, fuel efficiency and emissions reduction. The roll-out of these technologies require substantial lead-time, long-term planning, and major economic resources. A supplier's timeline for product development and investments usually includes up to six stages, each stage ranging from six months to two years depending on the technology. Technology development and investments are planned carefully to align with vehicle production cycles to avoid stranded investments. The return on investment is estimated very carefully and amortized over several years. Importantly, suppliers do not get return on their capital investment until these technologies are deployed.

MEMA has long supported a transition to cleaner transportation. Rulemakings put in place in 2012 allowed suppliers to introduce new advanced technologies to the market and provided the U.S. industry with a global competitive advantage. Looking ahead, MEMA strongly supports leveraging American innovation to drive the U.S. toward a broad spectrum of advanced technologies that can all play a part in meeting the nation's short- and long-term goals. During this transition, a diverse array of advanced propulsion technologies will help maintain the appropriate balance between consumer choice and vehicle affordability while also strengthening the American workforce and the vehicle supplier sector. Examples of technologies include: efficiencies and

⁴ MEMA Comments to EPA NPRM Revised 2023 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions Standards; EPA-HQ-OAR-2021-0208-0116; Sept. 27, 2021.

⁵ MEMA Testimony; NHTSA Public Hearing regarding Notice of Proposed Rulemaking on Corporate Average Fuel Economy Standards for Model Years 2024-2026 Passenger Cars and Light Trucks, Docket No. NHTSA-2021-0053, Oct. 13, 2021.

technology improvements to internal combustion engines (ICE), advances made in battery electric vehicles (BEVs), plug-in hybrid electric vehicles (PHEVs), and fuel cell electric vehicles (FCEVs).

In sum, MEMA continues to support the latest proposals because those standards' frameworks encourage a wide range of options and technology pathways for the vehicle industry. Vehicle suppliers in the United States will continue to be leaders in innovation and technology development. A broad, progressive national approach enhances the ability of vehicle suppliers to support ongoing domestic investments, be more globally competitive, and open more opportunities to export their fuel efficiency-improving, emissions-reducing products and technologies to other markets in the world. Simply put, U.S. global leadership on an array of clean technologies means a greater opportunity for U.S. exports of products derived from these technologies.

Challenges – Question 5

For sectors or technologies in which the United States currently has a competitive domestic industry, what are the main factors (i.e., economic, technical, regulatory, etc.) that could pose a significant risk to the U.S. industry's competitive position?

Vehicle suppliers are facing a myriad of current challenges with their U.S., North American, and global supply chains. Recent examples of broad risks to the motor vehicle parts supply chain include the acute shortage of vehicle-grade semiconductors, shipping delays, port backlogs, and significant increases in logistics expenses. In addition, skyrocketing costs for raw materials and other inputs compounded with shortages of critical minerals, resins, steel, and other commodities and metals are also adversely impacting the sector and adding to the overall threat of inflation.

Acute worker shortages continue to plague motor vehicle parts manufacturers from all tiers up and down the supply chain. Ongoing disruptions due to COVID-19 are impacting workers at critical supply chain points and natural disasters both here and abroad have had ripple effects on the U.S. vehicle industry. While the most important objective is restoring public health, the restoration of economic activity is also tremendously important to getting communities back on their feet. Our industry is an enabler of economic recovery as we continue to provide jobs and investment to the communities in which we do business. As a result of the challenges described above, the motor vehicle industry is anticipating an overall decline in motor vehicle production in 2021 as well as a very uncertain 2022.

On top of those acute challenges, the industry continues to endure the burden of tariffs (Section 232 on steel and aluminum imports and Section 301 on a wide range of imports from China). Vehicle parts manufacturers have been faced with significant increased costs and decreased accessibility of the materials and subcomponents that are vital in manufacturing finished vehicle parts and systems.

Vehicle suppliers operate in a global economy, often serving regional markets with locally manufactured components. While the industry is focused on increasing investment in the U.S., it is not economically viable for the U.S. and other developed countries to be the source of every basic commodity part. MEMA has long supported having a strong North American regional supply chain as it allows for more advanced and strategic components to be sourced from the region. At the same time, the U.S. vehicle industry relies on both its global suppliers and its local domestic/regional component manufacturers to be viable with as little disruption and as much predictability as possible. For access to a wide range of inputs for finished goods, it is vital that domestic vehicle parts manufacturers increase and diversify supply chains not only in the U.S. but also around the world. Ultimately boosting and diversifying supply helps create more sourcing opportunities,

supply chain stability, supports domestic investments and jobs, and expands export opportunities in other markets.

MEMA continues to urge U.S. policymakers to focus on attracting innovation and R&D investments as well as the production of cutting-edge technologies with the goal of leading the world in key innovations. Implementing domestic policies that incentivize and support growing U.S. technological development and goods production can provide more opportunities for exports of clean technologies.

Trade Policy – Question 15.

How do U.S. trade policies impact the development and deployment of clean technologies in the United States and abroad?

U.S. trade policy can do more to benefit U.S. exports, which, in turn, will benefit U.S. workers. Domestic policies that endeavor to pursue and support export opportunities for U.S. companies has the potential help the global competitiveness of a cross-section of U.S. industries. Using the vehicle sector as an example, other nations are more export oriented than the United States. The U.S. exports less than 20 percent of its vehicle production, whereas nations such as Japan, Germany, and Korea, export 50 percent or more of their motor vehicle production. Vehicle parts manufacturers face high tariffs, technical barriers to trade and other unfair trade practices, all of which makes companies less competitive and constrains exports to other markets. By leveraging trade agreements, the U.S. could increase market opportunities by lowering tariffs and non-tariff barriers, which would ease burdens on domestic manufacturers and provide support their American investments, wages, and jobs.

Enhancing U.S. exports of clean technologies into other markets around the world, combined with complementary trade policies, will have an overall positive impact on the environment. The vehicle parts manufacturers in the U.S. are leaders in technology innovation. However, without boosting export opportunities, the U.S. runs the risk of losing that leading edge globally. The aforementioned emissions-reducing efficiency-improving technologies, components, and systems that are installed on energy-efficient vehicles (e.g., PHEVs, BEVs, FCEVs, and enhanced ICEs) are a huge exporting opportunity for the United States. If the U.S. can export more of these components, systems, and whole vehicles into other markets, it will improve economies of scale, enhance global competitiveness, and increase deployment. The ripple effects of expanding the reach of U.S. exported clean technologies will have a positive impact on the environment.

Conclusion

In summary, MEMA urges policy makers to enhance export opportunities for U.S. manufacturers. As key developers and producers of vehicle technologies, U.S. vehicle parts manufacturers could benefit from expanding opportunities to export into other markets. Vehicle suppliers are committed to providing the technologies needed to continue reducing vehicle emissions and improving vehicle efficiencies. MEMA continues to advocate its positions on regulatory proposals for long-term, progressive standards that utilize a variety of technology pathways. One way to improve and expand exports for vehicle suppliers and vehicle manufacturers is by reducing trade-related burdens, such as tariffs and non-tariff barriers. In turn, expanding exports of these clean technologies in other global markets helps our industry sector deploy more widely and at scale.

MEMA appreciates the ITA's consideration of these comments. Please contact Leigh Merino, vice president of regulatory affairs at lmerino@mema.org with any questions or for more information.