



**Statement of the
Motor & Equipment Manufacturers Association (MEMA)**

**Before the
U.S. Environmental Protection Agency and the
National Highway Traffic Safety Administration**

**RE: Notice of Proposed Rulemaking on the Safer Affordable Fuel-Efficient (SAFE)
Vehicles Rule for Model Years 2021-2026 for Passenger Cars and Light Trucks**

Docket No. NHTSA-2018-0067; EPA-HQ-OAR-2018-0283; FRL-9981-74-OAR

September 24, 2018 – Fresno, CA

I am Laurie Holmes, senior director of environmental policy for the Motor & Equipment Manufacturers Association (MEMA). MEMA represents more than 1,000 companies that supply components for the light- and heavy-duty vehicle original equipment and aftermarket industries. The motor vehicle supplier parts industry is the nation's largest sector of manufacturing jobs – directly employing more than 871,000 workers and creating more than 4.2 million indirect jobs. Suppliers are responsible for providing 77 percent of the value of a new vehicle, including the technologies and materials that reduce emissions and make vehicles safer and more efficient.

MEMA appreciates the Administration's engagement with stakeholders for this rulemaking.

MEMA supports a One National Program negotiated with California. MEMA supports California retaining its 2013 waiver at this time. We request a continued focus by the Administration on negotiating with California a nation-wide solution and a unified program that all three agencies can agree upon. The revocation of California's waiver could derail discussions and initiate a legal battle, the ramifications of which will have damaging effects on industry's ability to invest and plan for the future.

MEMA urges the agencies to establish continued year-over-year increases to the standards. MEMA opposes the agencies' proposal to eliminate progress in the Corporate Average Fuel Efficiency (CAFE) and the greenhouse gas (GHG) vehicle emissions standards for light vehicles starting in 2021 extending until 2026. Eliminating progress in the standards would have a detrimental economic impact on suppliers – including an effect on U.S. supplier manufacturing jobs as well as stranding significant technology investments. In response to the targets set for MYs 2017 – 2021 and the augural standards for MYs 2022 – 2025, suppliers have invested significant resources and made long-term planning decisions committing to developing the necessary technologies and materials for their customers. Employment in manufacturing of new original equipment has grown nearly 23 percent since 2012, in part because of these investments.

According to preliminary analysis by IHS Markit,¹ the proposal of zero percent increases year-on-year through 2026 would result in a loss of 67,000 direct auto industry jobs with a full impact of 500,000 direct, indirect, and induced jobs by 2025, in comparison to the employment levels supported by the augural standards.² We will lose these jobs to other markets, including China. In order to preserve supplier jobs and investments, MEMA supports continued year-over-year increases to the standards.

MEMA urges the agencies to preserve the current credit programs. MEMA supports the off-cycle and air-conditioning (A/C) efficiency credit programs because these programs recognize technologies that achieve real-world GHG emission reductions. As a result, MEMA opposes the alternatives that eliminate these credit programs. MEMA also requests EPA retain the alternative mobile air-conditioning refrigerant credits through MY2026. Refrigerant credits advance American technological leadership and allow the U.S. to maintain advantage over the industry in China. Continuation of these credit programs preserve long-term supplier technology investments and jobs and allows important compliance flexibilities.

Suppliers support expanding the off-cycle and A/C efficiency menu, revising the credit caps, and establishing a process for suppliers to apply for a technology to be eligible for provisional off-cycle credits. Expansion of the current credit programs is critical in allowing more creative and cost-efficient technology options for vehicle manufacturers to meet the standards while providing greater consumer choice.

MEMA is currently evaluating which of the proposed alternatives in the NPRM would best preserve long-term supplier investments, jobs, and ensure the U.S. continues to be a global technological leader. From MEMA's initial analysis, alternatives 6 and 8, which establish a 2 percent and 3 percent increase year-on-year for passenger cars and light trucks, respectively, may meet these criteria. MEMA will continue to evaluate whether other proposed alternatives could meet our criteria. MEMA is open to discussing with the EPA, NHTSA, and California whether there are other ways to meet these objectives other than the alternatives outlined in the proposed rulemaking.

Finally, lightweighting is an effective strategy to improving fuel efficiency and, as it is implemented in the fleet today, does not compromise safety. Independent research conducted by NHTSA and other organizations consistently find that vehicle size and design, not mass, is the leading determinant dictating vehicle safety.³

I appreciate the agencies' consideration of these comments. MEMA will submit comprehensive comments in October.

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¹ MEMA commissioned IHS Markit to conduct the analysis.

² Auto industry jobs includes auto dealership, vehicle manufacturers and motor vehicle parts supplier jobs.

³ Relationships between Fatality Risk, Mass, and Footprint in Model Year 2003-2010 Passenger Cars and LTVs (Docket No. NHTSA-2016-0068), NHTSA, 2016, Puckett, S.M., Kindelberger, J.C.