

Additional Questions for the Record

Subcommittee on Consumer Protection and Commerce Subcommittee on Environment and Climate Change Hearing on “Driving in Reverse: The Administration’s Rollback of Fuel Economy and Clean Air Standards”

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Responses to the Chairwoman Jan Schakowsky (D-IL)

Question #1:

The transportation sector is the greatest contributor to the greenhouse gas emissions in the United States, accounting for 29 percent of all emissions. Electric Vehicles, vehicles that run solely on electricity, hold the promise of helping curb these emissions. How can we promote the deployment of electric vehicles?

Response to Question #1:

Thank you for your question. I appreciate the opportunity to respond on behalf of the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), President Gary Jones, the UAW International Executive Board (IEB) and our one million active and retired members.

As you noted, various sectors contribute to greenhouse gases, including transportation. U.S. greenhouse gas (GHG) are generated in the U.S. from many discrete sources: vehicles, power plants, industrial facilities, households, commercial buildings and agricultural activities. Long-term solutions require emission reductions across the board and must be viewed in a holistic manner. In the area of transportation electric vehicles (EVs) reduce greenhouse gas emissions, a significant driver of global warming and climate change. The energy sources used to generate electricity should also be taken into consideration when evaluating the potential impact stemming from the expected widespread adoption of EVs in future decades.

EVs not only hold the promise of helping curb emissions but they hold the promise of leading to high quality manufacturing jobs of the future. From EV's to full-sized pickups, fuel efficiency is improving across the industry, including vehicles and components made by UAW members. We support the development of EV's and are deeply concerned that a significant portion of vehicles and their components will not be built in the United States as companies continue to pour investments in EV's overseas.

As referenced in my testimony, most of the production footprint for tomorrow's advanced automotive technology is being developed overseas. It is projected that by 2021, 56 percent of the battery manufacturing capacity will be in China and another 19 percent will be in Europe. The U.S. will only have 14 percent of global battery production capacity. The U.S. is currently falling behind its Asian and European counterparts.

In addition, the demand for raw materials such as cobalt and lithium to make EV batteries often come at troubling cost. In fact, 60 percent of the world's cobalt is mined in the Democratic Republic of Congo (DRC), where child labor and other labor abuses are prevalent, and injury and death are common.¹ Congress should not ignore this part of the supply chain. In fact, Congress should take measures to hold companies accountable that exploit workers throughout the entire supply chain.

Additionally, EVs and autonomous vehicles (AVs) of the future will be heavily reliant on semiconductors. It is estimated that an EV/AV will have over a thousand dollars' worth of semiconductors. This increase in semiconductor usage comes at a time when U.S. semiconductor manufacturing has been in decline. The total number of U.S. fabs has decreased from 123 in 2007 to 95 today,² while the industry employs 100,000 less production workers than it did at the turn of the century.³ Currently, U.S. manufacturers account for only 13 percent of the global semiconductor supply. This is because the U.S. is no longer attracting new fabs. In 2011, of 27 high-volume fabs built worldwide, only one was in the U.S.; 18 were in China and 4 in Taiwan. In 2018, 20 new fab projects had been announced in China, with total investment exceeding \$10 billion.⁴

If the EV manufacturing footprint takes root outside the US, it will be extremely difficult for the US to recapture that work in the future. The capital intensity and long manufacturing lead times in auto, makes the possibility of reshoring the EV market once it has left, all the less likely.

A strong, forward looking industrial policy is needed to promote the manufacturing of electric vehicles in the United States. Our trade, tax, labor, and environmental policies must work in tandem to promote the manufacturing of EVs in the United States. We can promote high quality manufacturing jobs that make vehicles of the future in the U.S. by (ideas below can be found in UAW Whitepaper)⁵:

- 1) Advancing trade policies that strengthen U.S. manufacturing: The economic potential of EVs will be lost if their components are generally imported. Advanced vehicle technology should be treated as a strategic sector to be protected and built in the U.S.
- 2) Investing in the Infrastructure: Vehicle electrification requires building a charging infrastructure for drivers. It also means upgrading our energy infrastructure to meet electricity demand and ensure electricity production is as green as the EVs themselves. This is an opportunity to create quality jobs to build, install, and maintain EV infrastructure.
- 3) Supporting worker training: Workers will need new skills and displaced workers will need re-training programs. We should make every effort to re-train and place workers in quality jobs, provide strong economic support for workers during transition periods, and create robust government jobs programs to guarantee quality jobs for all those seeking work.

¹ UAW Research. (August 2018) "Taking the High Road: Strategies for A Fair EV Future." <https://uaw.org/wp-content/uploads/2019/07/EV-White-Paper-Spring-2019.pdf>

² <http://mforesight.org/download/7817/>

³ BLS, Quarterly Census of Employment and Wages (QCEW) for NAICS 334413, <http://www.bls.gov/cew/>.

⁴ <http://mforesight.org/download/7817/>

⁵ UAW Research. (August 2018) "Taking the High Road: Strategies for A Fair EV Future." <https://uaw.org/wp-content/uploads/2019/07/EV-White-Paper-Spring-2019.pdf>

- 4) Advancing pro-worker policies that enable workers' to collectively bargain free of employer intimidation. Congress should pass pro-worker bills like H.R. 2474 and the President should sign it into law. The Trump Administration should advance policies that give workers a voice on the job. Through collective bargaining more good jobs can be created in the manufacturing of EV's and critical components. Further, workers who join unions earn more than their non-union counterparts. By supporting worker's right to collectively bargain, you are supporting policies that move families into the middle class, potentially increasing the demand for EVs since working families would have more disposable income. Conversely, anti-worker policies help depress wages and make it easier for employers to offshore jobs.
- 5) Investment supports: Government incentives promote production of EVs and EV components in the U.S. Incentives should be used in a targeted way to promote a domestic EV supply chain and enforce high-road manufacturing practices.
- 6) Government procurement: Government EV fleet purchases, from cars to public transportation, must be a tool to spur demand and create cleaner transportation. Such purchases should promote high-road jobs by considering assembly location, origin of content, and labor conditions. Taxpayer dollars should be used to enhance domestic manufacturing and good U.S. jobs.
- 7) Providing consumer incentives: Consumer incentives are essential for creating a robust domestic EV market. This will encourage companies to orient their EV strategies towards the U.S. market. Consumer incentives should be based on where the vehicle and its contents were produced and under what labor conditions. Consumer incentives are particularly important in light of the fact that worker's wages which have been stagnate over the last several decades even though worker productivity has increased. From 1978 to 2018, net productivity rose 69.6 percent, while the hourly pay of typical workers has increased by only 11.6 percent over 39 years (after adjusting for inflation).⁶
- 8) Supporting strong environmental policy: Environmental standards can be structured as a win-win for the environment and economy. Environmental policy should be used to address climate change while also promoting investment in future technologies that create quality jobs.
- 9) Rejecting policies that discourage investments in new technologies: The preferred alternative in the SAFE proposed rule could unintentionally make the problem worse as countries around the globe promote greater efficiency and lower emissions.

Question #2:

For decades, automobile manufacturing has both directly and indirectly been the source of thousands of jobs. And while that sector has faced its share of challenges, the drive for cleaner, more fuel-efficient vehicles supports nearly 300,000 manufacturing and engineering jobs in 48 states. What effect have fuel economy standards had on auto-workers' wages and employment?

⁶ Economic Policy Institute. (July 2019). The Productivity Gap. See full report: <https://www.epi.org/productivity-pay-gap/>

Response to Question #2:

We have learned from experience that strong and well-crafted fuel-efficient standards can be good for the environment and domestic manufacturing. Analysis by the Union of Concerned Scientists projects these standards will create an estimated 650,000 jobs (full-time equivalent) throughout the U.S. economy by 2030, including 50,000 in light-duty vehicle manufacturing (parts and vehicle assembly).⁷ According to the Blue Green Alliance, more than 1,200 U.S. factories and engineering facilities in 48 states—and 288,000 American workers—are building technology that improves fuel economy for today’s innovative vehicles. Nine states (Michigan, Indiana, Ohio, Tennessee, Kentucky, California, Alabama, North Carolina, and South Carolina) each count 10,000 or more manufacturing and engineering jobs building fuel efficient technologies, and half of U.S. states count fuel-efficient technology jobs in the thousands.⁸

Strong fuel economy standards have been good for the economy and U.S. manufacturing. We are deeply concerned that the Administration’s proposal to flatline standards for light duty vehicles could hurt the industry by dramatically reducing requirements for efficiency improvements. According to a recent Blue Green Alliance study, between 89,000 and 202,000 of tomorrow’s jobs would be lost or foregone as a result of the rollback.⁹

It is important for the final standard to strengthen incentives for companies to invest in diverse domestic fleets. We need diverse fleets to prepare for changes in the economy and consumer preference.

Auto worker’s wages are not tied to the production of a specific type of vehicle. One of the primary ways to ensure that auto worker’s wages are middle class wages is to support worker’s right to collective bargain. Policies such as the PRO Act would protect worker’s right to form a union, the basis by which workers collectively bargain with the employer for wage increases and benefits such as health care and pensions.

Question # 3:

How has climate change affected the United Automobile Workers Members and retirees?

There is no credible scientific debate on the connection between fossil fuel consumption, rising carbon dioxide levels in the earth’s atmosphere, and climate change. The impact is happening in real time as the number and strength of extreme weather and climate events such as heat waves and droughts have increased over the last several decades. UAW members and retirees throughout the continental United States and Puerto Rico have suffered from extreme weather events in recent years. Acting as though climate change does not exist sets our country on an unsustainable course. It not only creates risks for our national security and our planet, but it is also a direct threat to our jobs, and an even bigger threat to the jobs and quality of life enjoyed by our children and grandchildren in the future.

⁷ Union of Concerned Scientist, “Fact Sheet: Fuel Economy and Emissions Standards for Cars and Trucks, Model Years 2017 to 2025”, June 2016: <https://www.ucsusa.org/sites/default/files/attach/2016/06/Fuel-Economy-Standards-2017-2025summary.pdf>

⁸ Natural Resources Defense Council (NRDC) and the Blue Green Alliance, Supplying Ingenuity II: U.S. Suppliers of Key Clean, Fuel-Efficient Vehicle Technologies, June 2017. Available online: <https://www.bluegreenalliance.org/resources/supplyingingenuity-ii-u-s-suppliers-of-keyclean-fuel-efficient-vehicle-technologies/>.

⁹ Blue Green Alliance. (August 1, 2019) Tech@Risk: The Domestic Innovation, Technology Deployment, Manufacturing, and Jobs at Risk in Stepping Away from Global Leadership on Clean Cars. Available Online: http://www.bluegreenalliance.org/wp-content/uploads/2019/08/Tech@Risk_Report2019_vFINAL.pdf

The problems created by climate change are grave and include increased risk of extinction for many species, risks to fisheries and crops, reduced access to fresh water, and more extreme storms that destroy homes and threaten to devastate coastal cities.

Significant actions are needed across the globe to mitigate this threat. This is why strong vehicle emissions standards must be part of a broader policy to address climate change, which includes emissions regulations, investment in sustainable infrastructure and the green economy, and international cooperation, such as the Paris Climate Accord.

We wholeheartedly reject the false claim that protecting the environment is inherently bad for the economy. Well-crafted regulations benefit both American workers and our environment. We are proud of the role we have played in the last decade in reaching a consensus among a wide variety of stakeholders including the Administration, state and federal regulators, the automobile industry, environmental advocates, elected officials and many others to significantly reduce greenhouse gases and raise the average fuel economy of passenger vehicles sold in the United States.

Experience has taught us that well-constructed, regulations promote investment in advanced technology, create new jobs and make our cars more attractive in foreign markets while allowing manufacturers the flexibility they need to continue building in the USA. To achieve these results, we must have a seat at the table. We are advocating for balanced standards that benefit manufacturing and address the climate change crisis. It is alarmingly clear that ignoring climate change threatens the future of our families and communities.

The United States is now the only country in the world not part of the Paris Climate Accord that aims to fight global warming. The National Aeronautics and Space Administration (NASA), 97 percent of climate scientists, the U.S. Government's National Oceanic and Atmospheric Administration (NOAA), National Geographic and many other groups and scientists have shown that climate change and global warming are real dangers caused in large part by human activity. We all have a role to play in reducing America's use of fossil fuels, reducing greenhouse gas emissions and protecting our environment. We must act now to protect our future and the future of our children and grandchildren. Well-constructed federal CAFÉ standards can benefit the environment, American workers, U.S. manufacturing and the economy as a whole.