Alliance OF AUTOMOBILE MANUFACTURERS

Dave McCurdy
President and CEO

March 17, 2010

The Honorable Nancy Pelosi
Speaker
H-232
United States House of Representatives
Washington, DC 20515

The Honorable John Boehner
Minority Leader
H-204
United States House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
S-221
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
S-231
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader Reid, Leader Boehner, and Leader McConnell:

On behalf of the Alliance of Automobile Manufacturers and its 11 member companies, I am writing to express concern over proposed Resolutions of Disapproval that would overturn the Environmental Protection Agency's Endangerment Finding on greenhouse gas emissions. Automakers agree with the fundamental premise that Congress should determine how best to reduce greenhouse gas emissions. However, if these resolutions are enacted into law, the historic agreement creating the One National Program for regulating vehicle fuel economy and greenhouse gas emissions would collapse.

At this time last year, the auto industry faced the alarming possibility of having to comply with multiple sets of inconsistent fuel economy standards. First, NHTSA was in the process of promulgating new fuel economy standards as required by Congress under the Energy Independence and Security Act of 2007. Second, EPA was preparing to propose greenhouse gas standards under the Clean Air Act, in the wake of the Supreme Court's decision in *Massachusetts v. EPA*. Finally, California and 13 other states were planning to enforce their own state-specific greenhouse gas standards. (As a practical matter, greenhouse gas standards are the functional equivalent of fuel economy standards, since the amount of greenhouse gases emitted by a vehicle is proportional to the amount of fuel consumed.) These multiple standards would not have been aligned with each other, presenting all automakers with a compliance nightmare across the country. The state-by-state standards were especially problematic for the industry, as manufacturers generally faced the likely prospect of having to implement product restrictions in some states, but not others, in order to comply. Clearly, the industry wanted - then and now - a "one regulation fits all" resolution to this problem.

To achieve that result, the Obama Administration brokered a historic agreement in May 2009 to create the One National Program for fuel economy and greenhouse gas standards. Under that agreement, NHTSA and EPA committed to coordinate their rulemaking processes and promulgate a joint regulation establishing consistent fuel economy and greenhouse gas standards for the 2012-2016 model years. California agreed that manufacturers who complied with the federal greenhouse gas rules would be deemed to be in compliance with the state standards for model years 2012-2016. The auto industry agreed to suspend litigation seeking to overturn the state standards, and ultimately to dismiss such litigation once the conditions agreed to by the manufacturers have been met.

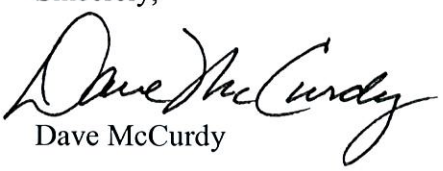
In a letter to Senator Rockefeller dated February 22, 2010, Administrator Jackson stated that the disapproval resolutions would have the unintended effect of "prevent[ing] EPA from issuing its greenhouse gas standard for light-duty vehicles, because the endangerment finding is a legal prerequisite of that standard." This, in turn, would likely result in the disintegration of the One National Program agreement. It is our understanding that California would not abide by the agreement if EPA is unable to regulate greenhouse gases. If the One National Program agreement were dissolved, the manufacturers would be back where they started last May with a NHTSA regulation coupled with a patchwork of states adopting regulations inconsistent with NHTSA's. As we stated in a letter to Senator Feinstein on September 24, 2009, this would present a myriad of problems for the auto industry in terms of product planning, vehicle distribution, adverse economic impacts and, most importantly, adverse consequences for their dealers and customers.

The Alliance believes that the One National Program resolution fostered by the Obama Administration is critical to the efficient regulation of motor vehicle greenhouse gas emissions and related fuel economy in the United States, not only for the 2012-2016 model years, but also for the 2017 model year and beyond. The ongoing existence of a national program for motor vehicle fuel economy and greenhouse gas standards for all future model years should be the shared goal of not only the Administration and the industry, but also Congress and the States, for the benefit of the environment, the public, and the ability of the industry to create and maintain high quality jobs.

It is time for Congress and the Administration to enact and implement measures to make a national program permanent for 2017 and beyond. However, given what appears to be the inevitable consequence of the proposed Resolutions of Disapproval, we do not believe they are the proper vehicles for Members of Congress to express their legitimate concern that Congress, and not EPA or the states, design the national response to climate change. Instead we urge Congress to move quickly to ensure that the national program does not end in 2016, and we stand ready to work with members to develop a federally-led process to achieve a permanent national program.

Thank you for the opportunity to explain the impact of these resolutions on the auto industry. Please feel free to contact me if you have any questions or need additional information.

Sincerely,



Dave McCurdy