

**Comments to the California Air Resources Board
From the California Automotive Wholesalers' Association and the
Automotive Aftermarket Industry Association
Regarding the Revised Climate Change Draft Scoping Plan
Submitted November 20, 2008**

The California Automotive Wholesalers' Association and the Automotive Aftermarket Industry Association respectfully submit the following comments on the Revised Draft AB 32 Scoping Plan.

The California Automotive Wholesalers' Association (CAWA) is a nonprofit trade organization established in 1955 representing automotive jobbers, warehouse distributors, retailers, manufacturers and manufacturer representatives in California, Nevada and Arizona. CAWA's mission is to provide communications, education, legislative and regulatory advocacy and group purchasing of services for its members while promoting the automotive aftermarket industry.

The Automotive Aftermarket Industry Association (AAIA) is the \$295 billion motor vehicle aftermarket industry's only vertically integrated trade association. With over 24,000 dues-paying members, AAIA is the only aftermarket trade association in the United States that represents the shared interests of manufacturers, distributors, jobbers, retailers, service and repair shops, program groups, manufacturers' representatives, educators, publishers and specialized membership organizations.

The automotive aftermarket industry manufactures, distributes and sells motor vehicle parts, accessories, service, tools, equipment, materials, and supplies. Typically aftermarket jobs are located in repair shops, auto parts stores, warehouse distributors and tire dealerships. Aftermarket employment in California is nearly 220,000, at 26,500 aftermarket establishments, with gross sales of \$31.1 Billion, serving 27 million registered cars and light trucks and another million medium and heavy duty vehicles. The automotive aftermarket was also the first industry to "recycle" doing so since mass production began. The automobile is the world's most recycled consumer product. Approximately 95% of all vehicles in the United States go through the recycling process at their end of life.

The CAWA and the AAIA appreciate the opportunity to submit the following comments to the California Air Resources Board (CARB) for its consideration. The members of CAWA and AAIA believe that the independent automotive aftermarket already plays a meaningful role in helping the state meet its policy goals for reducing green house gas emissions in California through the provision of parts and service for the state's fleet.

Moreover, CAWA and AAIA and their members stand ready to do their part, to the extent practicable, to reach further reductions. Insofar as the California automotive aftermarket already advocates for lower tailpipe emissions through well maintained

vehicles, it is imperative that CARB support a competitive and robust aftermarket so that the parts and service can continue to be made available to California motorists.

Revised Scoping Plan

We support a balanced cost-effective plan to reduce greenhouse gas emissions. However, it is hard to understand how the draft plan for implementing AB 32 won't be too costly for California companies and families through higher fuel, electricity, building and other costs, including any number of new fees. We believe that there are better ways for California to do its share to fight global warming.

Nevertheless, in the revised Scoping Plan, CARB uses a flawed macroeconomic analysis to make the case for an unprecedented level of regulation necessitated by the perceived environmental and public health costs of inaction. We believe that this plan ignores the near term and incremental real costs of the regulations that will need to be promulgated; relies on household and business savings that are unlikely to materialize; and makes unsubstantiated claims regarding the measure's ability to drive investment and growth and questionable claims of public health improvement.

Like many other California based businesses that are already over-regulated, we are concerned that the costs to our members of the regulations that will result from this scoping plan will make operations in the state impossible to sustain. Any contraction of our industry will reduce the availability of automotive related services and will be counterproductive to the state's need to maximize the operating efficiency of the motor vehicle fleet.

Nature of the Scoping Plan

While the Scoping Plan is just a "road map" for climate change policy, we are disappointed that the state has not chosen to develop a plan that better reflects the economic realities of climate change regulation. Clearly, the state has a chance to develop innovative and cooperative policies that will reduce greenhouse gas emissions through use of economic and regulatory incentives that will not have the draconian economic impact on its citizens or businesses that are sure to materialize from implementation of the current scoping plan.

We hope and are counting on this map to change as the Board begins to scrutinize the individual measures contemplated by the Scoping Plan. Without a doubt, once the Board begins to subject the individual measures spawned by this road map to the rigors of an official rulemaking pursuant to the Administrative Procedures Act, their true impacts on Californians and our economy will become apparent. We hope at that point that the Board will rethink its strategy and look toward an innovative policy that will be based on a more realistic economic analysis.

Please be assured that at that point both AAIA and CAWA will stand ready to work with the Board to implement a regulatory scheme aimed at reducing greenhouse gas emissions while not devastating the state's already fragile economy.

We will continue to work with CARB staff toward a better understanding of the automotive aftermarket's role in the transportation sector emissions, and we will work on reduction strategies. We want to be part of the solution, but not if the price is our businesses and livelihood. We cannot stress enough how important it is that CARB avoid actions that might lead to harm of the very industry that will carry out the actions needed to reduce transportation sector emissions reductions.