



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA – UAW

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**Notice of Public Hearing to Consider Proposed Advanced Clean Cars II Regulations
Submitted by UAW President Ray Curry and Region 8 Director Mitchell Smith**

Comments submitted via: <https://www.arb.ca.gov/lispub/comm/bclist.php>

On behalf of the more than one million active and retired members of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), we thank you for the opportunity to comment on the California Air Resources Board (CARB) Notice of Public Hearing to Consider Proposed Advanced Clean Cars II Regulations (ACC II). With over 100,000 active and retired UAW members in California, the ruling on ACC II is very important to UAW members and retirees. They are directly impacted by decisions made in Washington D.C., Sacramento, and corporate boardrooms regarding this critical sector of our economy.

It is abundantly clear that climate change is real and needs to be addressed head on if we are to effectively mitigate its impacts. As CARB is well aware, a large body of scientific researchers predicted for decades that climate change would increase the number and strength of extreme weather and climate events such as heat waves and droughts. Unfortunately, these predictions have already been proven correct by mother nature and we all have a responsibility to take action to mitigate its impact. Improving motor vehicle fuel efficiency and expanding electrification certainly has a role to play. It has been projected by industry experts that by 2040 over 50% of new car sales globally will be electric.¹ The industry is preparing for electric vehicles (EVs) to be a much larger part of the market going forward, both in the U.S. and abroad. Consumer demand, not government mandates nor industry goals, will determine the growth of EV sales in the United States. Therefore, we have significant reservations about CARB's proposal and encourage CARB to withdraw this proposal.

UAW members are currently building the vehicles of the future. Our members currently make advanced technology vehicles that include battery electric (Chevy Bolt, GMC Hummer, Ford F-150 Lightning, Ford E-Transit), plug-in hybrids (Jeep Wrangler PHEV, Jeep Grand Cherokee PHEV, Ford Escape PHEV, Lincoln Corsair PHEV), and autonomous vehicles (GM's Cruise Autonomous Vehicle). UAW employers have announced plans to make EVs and Plug-in Hybrid Electric Vehicles (PHEVs) at UAW plants in a range of segments, including CUVs, SUVs, pickups, and delivery vans. UAW members are also already building a variety of zero-emission medium and heavy-duty vehicles, along with a wide range of continuously improving ICE (Internal Combustion Engine) vehicles. The zero-emission vehicles built by UAW workers include:

- Thomas Built Bus Saf-T-Liner C2 Jouley EV school bus in High Point, NC
- IC Bus Electric CE school bus in Tulsa, OK
- Ford E-Transit EV commercial van in Kansas City, MO
- Mack LR EV refuse truck in Macungie, PA
- Volvo Truck VNR Electric class 8 truck in Dublin, VA
- Components for these vehicles at supplier plants located throughout our country

¹ BloombergNEF, "Electric Vehicle Outlook 2020." <https://about.bnef.com/electric-vehicle-outlook/>

Despite these promising developments, it is far from clear that the transformation in the industry will create and maintain good union jobs. Over the past several years, U.S. automotive production workers' wages have fallen significantly. When adjusting for inflation between January 2006 and January 2021, average hourly earnings for production workers in auto assembly declined by 21% while wages in the auto parts sector have decreased by 19%.²

Decades of federal trade and tax policies have put the interests of corporations and Wall Street executives before workers, adding to the impediments that workers face. Corporate-driven trade agreements that pit workers against one another have also played a significant role in eroding wages and working conditions. For decades, workers often face both direct and implied threats if they attempt to form a union. On countless occasions, employers have threatened to close their plant and move to Mexico when workers fight for job security, better wages, health and safety improvements, and retirement security. Veiled threats hurt workers at the bargaining table as companies often coerce workers into accepting lower wages for fear that the company will ship their jobs abroad.

These challenges need to be addressed, especially during this time of change as the motor vehicle industry transitions from fossil fuel to electricity. For this transition to benefit auto workers, the entire supply chain, from the gathering of minerals needed to power batteries to the manufacturing of the battery and other parts to final assembly, must support the creation and preservation of good union jobs.

We have seen production launches by several start-ups with many more to come. If new entrants are hostile to unions and provide subpar wages and benefits, it will further erode job quality in the industry. This is not a theoretical concern as foreign-based automakers typically resist efforts to unionize in the United States. This strong opposition exists even though every foreign-based light duty Original Equipment Manufacturer (OEM) is unionized in its own country. A report by Professor Gordon Lafer details the array of tactics foreign-based automakers have utilized to prevent unionization.³ Professor Lafer's research serves as a strong reminder as to why we need labor law reform as Congress has not strengthened our nation's labor laws in over 85 years.

In the auto industry, Toyota, Nissan, Hyundai, Mercedes-Benz, BMW, Volkswagen, and Honda have all hired "union avoidance" specialists to guide their anti-union campaigns in the United States. Nissan's anti-union campaign led the National Labor Relations Board (NLRB) to issue a formal complaint charging the company with twenty-four counts of lawbreaking. The fact Nissan engaged in such tactics so soon after having been forced to post public notices vowing to respect the law is a testament to the near total absence of meaningful penalties under current law. All of Nissan's plants in other countries are unionized.⁴ The experience of autoworkers seeking to have a voice on the job highlights the need to strengthen and modernize our anemic labor laws.

The state of California, to its credit, has been a leader in our country advancing worker protections and rights for decades. It is critically important to ensure public financial support for the auto industry is conditional on being a responsible employer. Taxpayer funded subsidies and tax breaks must be paired with a commitment to locate these jobs in the U.S. at comparable wages and benefits to the jobs they replace. We have an opportunity right now to ensure that future EV investments incentivize production of EVs made by union workers in the United

² Bureau of Labor Statistics. "Average hourly earnings of production and supervisory employees." Series CEU3133610008 & CEU3133630008, Data from January 2006-January 2021. Adjusted using BLS CPI Inflation Calculator.

³ Lafer, Gordon. Labor Education and Research Center. "Building Back Better or building back worse?" Online at BuildingBackReport.pdf (cpb-us-e1.wpmucdn.com).

⁴ Lafer, Gordon. Labor Education and Research Center. "Building Back Better or building back worse?" Online at BuildingBackReport.pdf (cpb-us-e1.wpmucdn.com).

States. Unionized workers earn on average 10.2% more than their non-union counterparts.⁵ Union workers are more likely to have paid sick days and health insurance compared to non-union workers. 94% of union workers participate in a retirement plan compared with 67% of non-union workers. Policies that strengthen labor standards and support workers' right to collectively bargain are foundational to building a strong middle class.

To lead the future, electric vehicles and other green technologies must be harnessed to create good U.S. union jobs where workers have a voice on the job. It is important to ensure all manufacturing workers can join a union free from intimidation by employers seeking to maintain the status quo. Jobs building cleaner vehicles must pay family and community-sustaining wages and provide benefits that workers can count on to care for themselves and their loved ones.

Fortunately, notable progress has been made at the federal level. The Kildee-Stabenow amendment in the House-passed BBBA continues a \$7,500 consumer credit for EVs and adds a \$4,500 bonus for autos assembled in the U.S. by unionized workers as well as a \$500 domestic battery bonus. This legislation should serve as a model for future federal and state legislation.

Given California's leadership on EVs, the state is well positioned to benefit from policies that promote domestic production of EVs, batteries, and other key components. The UAW supports a coordinated industrial policy centered on maintaining and growing high-quality jobs in U.S. manufacturing while combating climate change and advancing equity. As we work toward the future of clean transportation, it will be critical to ensure this transition benefits American workers, enhances U.S. competitiveness, and promotes economic security. Unless comprehensive policies are adopted which focus on raising standards for U.S. workers and boosting domestic manufacturing, we will continue to fall behind in the production of EVs and middle-class union jobs in the auto sector will be eroded even further.

Future of Electric Vehicles

The transition from traditional gas-powered engines will require smart planning and public resources. A three-pronged approach is required to achieve these goals including robust investments in EV infrastructure such as charging stations, supporting tax subsidies to incentivize consumers to purchase EVs, and targeting investments towards retooling facilities.

Manufacturers have shown a commitment to major investments to transition to zero-emission vehicles, but that transition will require significant financial resources. Poorly designed regulations could have the unintended consequences of hampering the industry's ability to invest in the technologies of the future and build them here in the U.S. Even with billions in planned investments, auto companies are relying on public subsidies and other policies to promote sales, transform production capacity, and speed up profitability for EVs. Strategic government support is a crucial tool for strengthening American innovation and manufacturing capacity.

Massive public investments in electric vehicles and in the supply-chain have been made in auto-producing nations around the globe. The U.S. is far behind other nations in the public and private investments needed to make the U.S. a competitive player in vehicle electrification. China has invested more than \$60 billion to support EV manufacturing. Chinese firms, either owned or supported by the Chinese government, currently produce 60% of passenger EVs sold around the globe and produce almost 70% of battery cells.⁶ China also controls some 80%

⁵ Economic Policy Institute. Unions Help Reduce Disparities and Strengthen Our Democracy, April 2021.

⁶ The New York Times, "The U.S. Auto Industry Bets Its Future on Batteries," February 16, 2021. [The Auto Industry Bets Its Future on Batteries - The New York Times \(nytimes.com\)](https://www.nytimes.com/2021/02/16/us/politics/ev-batteries.html)

of the supply of rare earth minerals, which are essential for aerospace, defense, and EV production and may impose export controls on these vital materials.⁷ There is an important role for public policy as we cannot rely on the private sector to make all the necessary investments. Therefore, we support public investments in U.S. manufacturing. This transformation will require concurrent and sustained commitment from federal, state, and local governments to provide certainty to automakers and confidence to customers that the necessary conditions, such as infrastructure, incentives, and supply chains, are in place.

Comments on New Proposed Zero Emission Vehicle (ZEV) Mandate

In September 2020, Governor Gavin Newsom signed Executive Order N-79-20, establishing a goal that all new passenger cars and trucks in the state be ZEVs by 2035.⁸ Success in meeting these goals will be determined by forces outside of our control, such as infrastructure, supply chains, and customers. The proposed mandate requires EV sales to triple in three model years and most of the states following California must see a seven-fold increase over the same time period. These assumptions strike as unrealistic and potentially disruptive to the domestic auto industry. These standards are based on 2021 data where the average EV price was about \$60,000, which would mean these vehicles are likely being bought by affluent single-family homeowners with a modern electric panel just a few feet from their garage where they will charge their EV. Achieving 30, 50, or 70 percent of the new car market will require reaching buyers of more moderate means.

EV sales have grown steadily over the past decade, but they still represent a fairly small percentage of vehicle sales. EVs and PHEVs combined to represent 4% of U.S. auto sales in 2021¹¹ and EVs face several hurdles to mass-adoption. EVs are more expensive to produce, making them less profitable and dependent on consumer incentives. In most parts of the country, EV charging infrastructure is woefully inadequate, and the electrical grid is unprepared. Consumers shopping for an EV have been known to have concerns about battery range and charging speed as they have a limited selection of models and segments.

Carrots and sticks are essential elements of advancing any public policy and increasing deployment of EVs and PHEVs are no exception. Regulations have a definitive role to play as they provide a guide map for the industry and can create the certainty needed to succeed. ZEV mandates themselves have limitations and the assumptions underlying them need to be given careful consideration.

We are at a pivotal juncture as automakers are transitioning many of their fleets from gas and diesel-powered vehicles to electric ones. The shift to EVs cannot come at the expense of good wages and benefits and it is critical that we do not leave workers behind as the industry transitions to electrification.

We stand ready to work with the state of California and all other stakeholders to ensure the transition is good for working people, the U.S. economy, and our planet. Thank you for considering the views of autoworkers.

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⁷ Financial Times, China targets rare earth export curbs to hobble U.S. defence industry, February 16, 2021. Available Online: China targets rare earth export curbs to hobble US defence industry | Financial Times (ft.com)

⁸ https://www.newsdata.com/california_energy_markets/regulation_status/california-new-car-sales-to-be-100-percent-zero-emissions-by-2035/article_9ba16048-ff79-11ea-9474-97608da15978.html