To: Moran, Robin[moran.robin@epa.gov]; Charmley, William[charmley.william@epa.gov]
Cc: Olechiw, Michael[olechiw.michael@epa.gov]; Lieske, Christopher[lieske.christopher@epa.gov]
From: Julia Rege
Sent: Thur 3/23/2017 9:06:42 PM
Subject: RE: MTR Docket

Thanks. I appreciate the clarity on the two items I raised.

We don't currently have anything to submit to the docket, and will let you know if at some point we do.

Best, Julia

202.650.5559 (direct)

jrege@globalautomakers.org

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From: Moran, Robin [mailto:moran.robin@epa.gov]
Sent: Thursday, March 23, 2017 3:13 PM
To: Charmley, William <charmley.william@epa.gov>; Julia Rege <JRege@globalautomakers.org>
Cc: Olechiw, Michael <olechiw.michael@epa.gov>; Lieske, Christopher <lieske.christopher@epa.gov>
Subject: RE: MTR Docket

Hi Julia,

As Bill said, we are exploring your questions about the docket. While right now you cannot add comments via regulations.gov, I just spoke with the docket staff, who confirmed that you can

send comments to the following email address:

a-and-r-docket@epa.gov

Please include in the subject line the docket ID (OAR-2015-0827)

Feel free to give me a call if you have questions.

Take care,

Robin

Robin Moran

Senior Policy Advisor

U.S. EPA, Office of Transportation and Air Quality

2000 Traverwood Dr.

Ann Arbor, MI 48105

(734) 214-4781 (phone)

(734) 214-4821 (fax)

From: Charmley, William
Sent: Thursday, March 23, 2017 2:44 PM
To: Julia Rege <JRege@globalautomakers.org>
Cc: Olechiw, Michael <olechiw.michael@epa.gov>; Moran, Robin <moran.robin@epa.gov>
Subject: RE: MTR Docket

Julia,

At this point we don't know the answer to your question.

I am assuming that of course at some point we will be re-opening the docket, so that the basis for Administrator Pruitt's reconsideration will all be in one place, including new information from stakeholders.

Once we know more, we will let you know.

The Alliance's letter is on the web site because the Administrator's office asked for it to be posted. We realize that we have many letters from many stakeholders on the subject of the reconsideration topic, and I don't believe there are plans to post more on the EPA web-site, but as I said, the docket is an open question that once we know the answer we will communicate to all of the stakeholders.

Thanks

Bill

Bill Charmley

Director

Assessment and Standards Division

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

National Vehicle and Fuel Emissions Laboratory

2000 Traverwood Drive

Ann Arbor, MI 48105

desk ph. 734-214-4466

cell ph. 734-545-0333

e-mail: charmley.william@epa.gov

From: Julia Rege [mailto:JRege@globalautomakers.org]
Sent: Thursday, March 23, 2017 1:12 PM
To: Charmley, William <charmley.william@epa.gov>
Cc: Olechiw, Michael <olechiw.michael@epa.gov>
Subject: MTR Docket

Bill,

I was wondering if you knew if the midterm review docket was going to be reopened for comments.

I also noticed that EPA's miterm review webpage was updated. It now includes the Alliance's letter to Administrator Pruitt but that Global Automakers' was not added. (Neither letter appears

to have been added to the docket.) Do you know if this was an oversight? Should you want to link to our letter similarly to the Alliance's, here is the public link to our letter: https://www.globalautomakers.org/media/letter/global-automakers-requests-that-epa-reconsider-its-final-determination-concerning-my2022.

Best, Julia

Julia Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

1050 K Street, NW, Suite 650

Washington, DC 20001

202.650.5559 (direct)

202.650.5555 (main)

jrege@globalautomakers.org

GlobalAutomakers

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To: Charmley, William[charmley.william@epa.gov]
From: David Raney (TMNA)
Sent: Wed 3/22/2017 2:29:36 PM
Subject: RE: EPA Meeting Materials for 3/28 with Toyota [WARNING: DKIM validation failed]

Both are great questions and topics for discussion Bill. I will prepare Bob for the questions, should Chris raise them which I hope he does. Just so you know, I think the plan is that Bob will stay for the first hour and then he may need to leave and return for the last hour/wrap up of meeting. He is a busy guy. So, if Chris could be prepared for this more policy oriented dialog at start, that would be a good thing.

David

From: Charmley, William [mailto:charmley.william@epa.gov]
Sent: Wednesday, March 22, 2017 5:35 AM
To: David Raney (TMNA) <david.w.raney@toyota.com>
Subject: Fwd: EPA Meeting Materials for 3/28 with Toyota

David

Regarding your request from last week on preparing Bob Carter, I was also thinking about the topic of California.

I would like your views on if it makes sense for Chris to ask Toyota for its views on what role, if any, Toyota believes California should play in the EPA Administrators reconsideration of the EPA GHG standards. We will have to see what happens at the ARB board hearing this week, but I think that would be a question Chris may ask. I also am assuming that the ARB Staff will be directed to develop a post-2025 program, and Chris may ask what Toyotas views are on that topic, and if Toyota believes that the Trump Administration, through EPA and NHTSA, should also work with California on 2030, or if Toyota believes that is a separate issue and is best left to California to work on without the Feds.

Ex. 4 - CBI

Ex. 4 - CBI

Our goal for next week is not to "resolve" those issues, but at a high level to provide our assessment, and then to see if Toyota wants to follow up, as to do a deep dive would take probably several hours.

Thanks

Bill

Begin forwarded message:

From: "Olechiw, Michael" <olechiw.michael@epa.gov>
To: "Rick Gezelle (TMNA)" <rick.gezelle@toyota.com>
Cc: "Charmley, William" <charmley.william@epa.gov>, "Moran, Robin" <moran.robin@epa.gov>, "Bolon, Kevin" <Bolon.Kevin@epa.gov>, "Barba, Daniel" <Barba.Daniel@epa.gov>, "Moskalik, Andrew" <Moskalik.Andrew@epa.gov>, "Kargul, John" <kargul.john@epa.gov>
Subject: EPA Meeting Materials for 3/28 with Toyota

Rick,

Please find attached to this email EPA's presentation for our March 28th meeting. We very much appreciate the opportunity to present our analysis in this forum and the fact that Toyota was willing to provide detailed future product information. While we have been discussing this type of detailed exchange for some years now, and are looking forward to having this conversation next week, we feel that the attached information and analysis is a first step. We recognize that Toyota has requested this meeting to cover a number of topics and this analysis is only part of the overall discussion. There is additional data and analysis

that could be shared with Toyota and we would welcome further technical conversations in the near future if Toyota is interested in hearing more detail.

The goal of this initial exchange is to review the current and future compliance situation for Toyota with a focus on how far conventional technology can support Toyota's future compliance with GHG standards. In the attached file you will see that we have reviewed your current compliance status, established good correlation between your future GHG performance (correlation between your expected performance and our ALPHA results), and projected future compliance in alternative scenarios that include best-in-class engines, additional A/C credits, off-cycle credits and additional reductions in road load.

We stand ready to answer any of your questions to help facilitate a strong and open dialogue in our meeting next week.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

USEPA/OTAQ/ASD

2000 Traverwood Drive

Ann Arbor MI 48105

Tel: +1-734-214-4297

Mobile: +1-734-546-8079

Fax: +1-734-214-4050

olechiw.michael@epa.gov

To: Charmley, William[charmley.william@epa.gov]
From: NADA Headlines
Sent: Wed 3/22/2017 2:06:13 PM
Subject: Jobs Bounce Debated As Trump Promises CAFE Review

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March 22, 2017

Inside this issue

- Jobs Bounce Debated As Trump Promises CAFE Review
- Auto Makers Target China as New U.S. Trade Rules Loom
- Mexico Stops Sweating Over Fate of NAFTA
- Fiat Chrysler Boss Says 'Waiting in Anticipation' to Meet VW Chief
- Webinar Today: Implementing a Courtesy Transportation Program
- April 5: NADA Quarterly Briefing on Auto Sales and Economy

Top Stories

Jobs Bounce Debated As Trump Promises CAFE Review

President Trump's plan to conduct a second midterm review of federal fuel-economy and carbon-dioxide emissions standards arguably sets right a wrong because the previous examination was rushed through with limited industry input, but whether easing those goals will create jobs is considered debatable.

Quotable

"Trump could revitalize the auto industry."

-- Gary Chaison, an industrial relations labor historian at Clark University in Worcester, Mass., *WardsAuto*, March 21

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Automotive Forum -- April

Source: WardsAuto

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Auto Makers Target China as New U.S. Trade Rules Loom

Global car makers push Trump to take a harder line over Chinese regulations that protect local companies

Top auto makers, facing the threat of costly North American trade policy changes, want the Trump administration to take a harder line on a market thousands of miles from their home turf. China's car business is attractive to outsiders chasing sales growth, but rules protecting local companies dent profits of global auto giants and force them to share technology with potential rivals. The 25% tariff on vehicle imports makes U.S.-built automobiles too expensive for most buyers in the world's largest auto market.
Source: The Wall Street Journal (subscription required)

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Mexico Stops Sweating Over Fate of NAFTA

Spring couldn't have come soon enough for Mexican officials who worried that the North American Free Trade Agreement might not survive the winter of Donald Trump's ascent. So far, cooler heads on both sides of the border have prevailed, paving the way for negotiations later this year that may find the right mix of concessions to keep the trilateral trading bloc alive for another quarter century.
Source: Automotive News

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Fiat Chrysler Boss Says 'Waiting in Anticipation' to Meet VW Chief

Fiat Chrysler Chief Executive Sergio Marchionne said on Tuesday he was looking forward to meeting Volkswagen boss Matthias Mueller to discuss a possible tie-up between the two carmakers but added he hadn't seen his counterpart in six to seven months. Marchionne has long advocated car industry mergers to share the costs of making cleaner and more technologically advanced vehicles and has repeatedly relayed his desire via the media.
Source: Reuters

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Webinar Today: Implementing a Courtesy Transportation Program

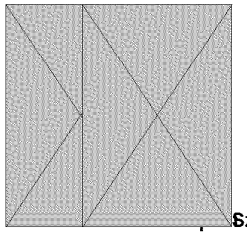
Angela Margolit with Bluebird Auto Rental Systems will highlight the benefits of implementing a courtesy transportation program (CTP) at the dealership. Find out the advantages of CTP tools such as reservation planners, computer-generated loaner agreements, interactive dashboards and more. **Click here** to register.

Date: Wednesday, March 22, 2017

Time: 12 p.m. ET
Duration: 30 minutes
Source: NADA Dealership Operations

[back to top]

April 5: NADA Quarterly Briefing on Auto Sales and Economy



Szakaly

NADA Chairman Mark Scarpelli and NADA Chief Economist Steven Szakaly will share their insights on the overall economy and where it is trending and provide any revisions to NADA's outlook following the first quarter sales results for new cars and light trucks, as well as highlight the key sales indicators and drivers of the retail-auto industry. NADA has forecast sales of 17.1 million new light vehicles for 2017.

When: Wednesday, April 5, 2017
Call-in Time: 11 a.m. ET

Scarpelli is president of Raymond Chevrolet and Raymond Kia in Antioch, Ill., and co-owner of Ray Chevrolet and Ray Chrysler-Jeep-Dodge-Ram in Fox Lake, Ill.

A Q&A session with members of the media and industry will follow the briefing. **Click here** to register.
Source: NADA

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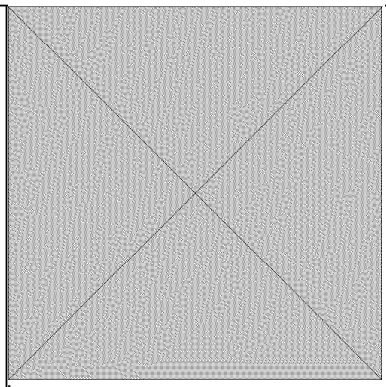
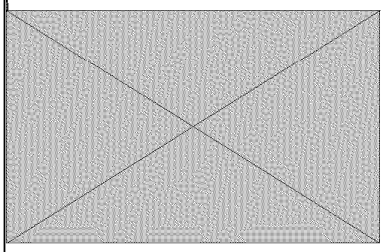
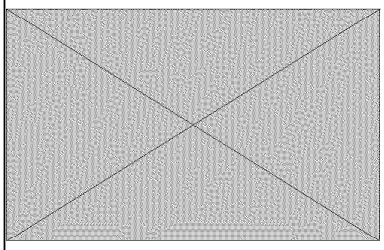
Past Articles:

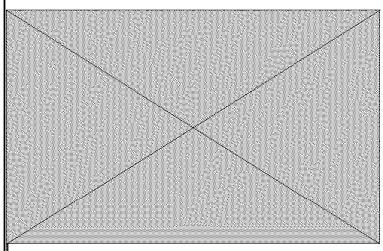
- March 21 - NADA to Hold Quarterly Briefing on Auto Sales and Economy on April 5
- March 20 - With EPA Victory Comes New Uncertainty
- March 17 - Automotive Service Quality Rises Along with Overall Customer Satisfaction, J.D. Power Finds
- March 16 - NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy Standards
- March 15 - Trump Will Offer Boost for Carmakers Today

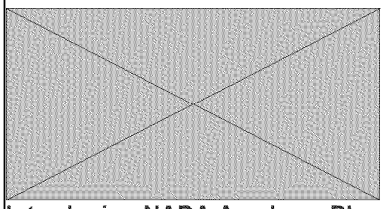
Past Articles:











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March 22: **Implementing a**

Courtesy Transportation Program (12 p.m. ET)

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To: Rick Gezelle (TMNA)[rick.gezelle@toyota.com]
Cc: Charmley, William[charmley.william@epa.gov]; Moran, Robin[moran.robin@epa.gov]; Bolon, Kevin[Bolon.Kevin@epa.gov]; Barba, Daniel[Barba.Daniel@epa.gov]; Moskalik, Andrew[Moskalik.Andrew@epa.gov]; Kargul, John[kargul.john@epa.gov]
From: Olechiw, Michael
Sent: Tue 3/21/2017 10:30:23 PM
Subject: EPA Meeting Materials for 3/28 with Toyota
Meeting with Toyota 28 3 2017_rev20170321a.pptx

Rick,

Please find attached to this email EPA's presentation for our March 28th meeting. We very much appreciate the opportunity to present our analysis in this forum and the fact that Toyota was willing to provide detailed future product information. While we have been discussing this type of detailed exchange for some years now, and are looking forward to having this conversation next week, we feel that the attached information and analysis is a first step. We recognize that Toyota has requested this meeting to cover a number of topics and this analysis is only part of the overall discussion. There is additional data and analysis that could be shared with Toyota and we would welcome further technical conversations in the near future if Toyota is interested in hearing more detail.

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We stand ready to answer any of your questions to help facilitate a strong and open dialogue in our meeting next week.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

USEPA/OTAQ/ASD

2000 Traverwood Drive

Ann Arbor MI 48105

Tel: +1-734-214-4297

Mobile: +1-734-546-8079

Fax: +1-734-214-4050

olechiw.michael@epa.gov

To: Charmley, William[charmley.william@epa.gov]
From: NADA Headlines
Sent: Mon 3/20/2017 3:58:30 PM
Subject: With EPA Victory Comes New Uncertainty

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March 20, 2017

Inside this issue

With EPA Victory Comes New Uncertainty

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NADA Asks for Participation in Workforce Study

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With EPA Victory Comes New Uncertainty

Pruitt's views could set up fight with states

Automakers relieved about the EPA's decision last week to reopen a review of Obama-era auto emissions standards now face a new political wild card in EPA Administrator Scott Pruitt. The decision, announced by President Donald Trump during a visit to Michigan, restored a measure of stability to a regulatory process that automakers felt was cut short by the outgoing administration. But Pruitt's views on climate change

Quotable

"As the president works to revitalize communities around the country, the automotive retail industry is poised to play a major role in keeping American factories open and creating good-paying jobs. Indeed, dealerships are exemplars of the small businesses that form the backbone of the American economy."

-- Mack McLarty, chairman of McLarty Cos., a fourth-generation family-owned dealership business in Little Rock, Ark., in a commentary in *Automotive News*, March 20

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and federal power challenge the foundations of the landmark deal they struck with the government in 2012 to reduce greenhouse gas emissions, improve fuel economy and harmonize regulations.
Source: Automotive News

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Auto Industry Says It Still Won't Back Off Fuel-Economy Efforts

Executives from automakers and suppliers gathered at a conference in Dearborn Thursday said looser fuel economy standards might allow for sales of more trucks in areas where they're popular. But otherwise, the pursuit of fuel-efficiency technologies will proceed unabated. [President] Trump came to the Detroit area earlier [last] week to announce that his Environmental Protection Agency will re-examine gas mileage requirements that were affirmed in the Obama administration's last days.
Source: The Associated Press

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Mack McLarty: Trump Has a Natural Ally in Car Dealers

America's car dealerships ... are the paragon of successful Main Street businesses on which [President] Trump heaped praise during his campaign. They are powerful institutions in the Rust Belt and in the heartland, where his message of hope to working-class voters left behind by globalization and technological change most resonated. And they are big employers there, too — supporting tens of thousands of Americans who work as salespeople, mechanics and other critical roles and millions more through business relationships with parts suppliers and other outside vendors.
Source: Automotive News

Mack McLarty is chairman of McLarty Cos., a fourth-generation family-owned dealership business in Little Rock, Ark. He was President Bill Clinton's first White House chief of staff and an adviser to Presidents Jimmy Carter and George H.W. Bush.

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Japanese Carmakers Seek Trade Peace with Trump

Japan's auto market is open, says Hiroto Saikawa, chairman of the Japan Automobile Manufacturers Association, but its carmakers are willing to work with governments in Tokyo and Washington to smooth out disputes over access. "If there are areas where they find difficulty doing business, then we would like to have active discussions and come up with a solution," Saikawa said last week at JAMA's monthly news briefing.
Source: Automotive News

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March 22 Webinar: Implementing a Courtesy Transportation Program

Angela Margolit with Bluebird Auto Rental Systems will highlight the benefits of implementing a courtesy transportation program (CTP) at the dealership. Find out the advantages of CTP tools such as reservation planners, computer-generated loaner agreements, interactive dashboards and more. **Click here** to register.

Date: Wednesday, March 22, 2017
Time: 12 p.m. ET
Duration: 30 minutes
Source: NADA Dealership Operations

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NADA Asks for Participation in Workforce Study

NADA reminded members that those who participate in its Dealership Workforce Study by completing a questionnaire and submitting their payroll records will receive two complimentary reports. NADA officials recapped that the reports, titled "Automotive Retail National & Regional Trends in Compensation, Benefits & Retention," is one of the industry's top resources for helping dealers meet their No. 1 challenge of attracting and retaining productive employees.

The report contains clear analysis of the light-vehicle and commercial-truck industry. The report includes national and regional data for 60 car and truck dealership positions. In addition to data on pay, benefits and turnover, the report details the impact of work schedules, gender gap and generational challenges facing dealerships today. Participants will also receive a complimentary individualized comparative report for each participating dealership.

To enroll in the 2017 Dealership Workforce Study, which is open through April 28, visit **www.nadaworkforcestudy.com** and enter your member or company ID. For questions, send an email to WorkforceStudy@nada.org or call (800) 557-6232.
Source: Auto Remarketing

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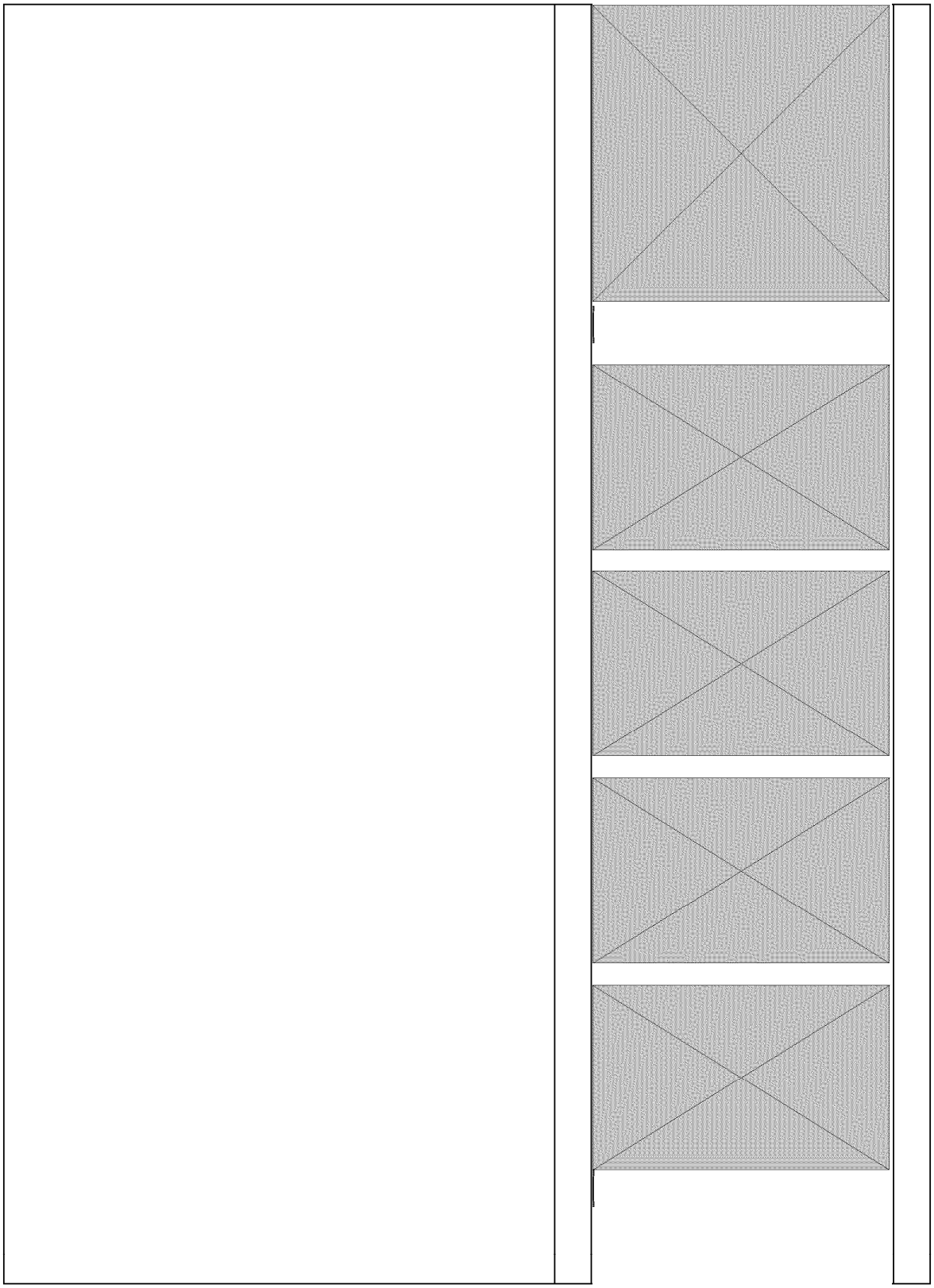
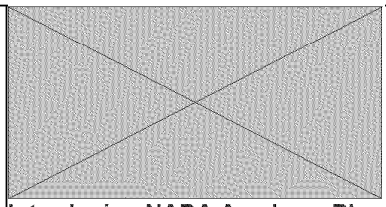
Past Articles

- March 17 - Automotive Service Quality Rises Along with Overall Customer Satisfaction, J.D. Power Finds
- March 16 - NADA Praises Trump Administration for Restarting Midterm Review of Fuel Economy Standards
- March 15 - Trump Will Offer Boost for Slammed Top Dealers
- March 14 - NADA, J.D. Power Automotive Forum: The Voice of Wall Street
- March 13 - Trump Expected to Announce Vehicle Emissions Rules Review





Introducing NADA Academy Plus

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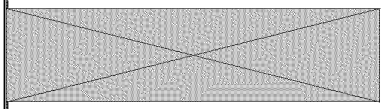

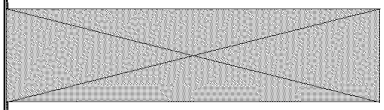

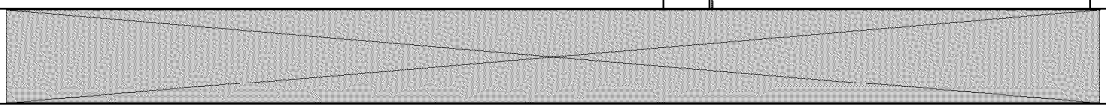

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To: Charmley, William[charmley.william@epa.gov]
From: Julia Rege
Sent: Fri 3/17/2017 1:14:02 PM
Subject: RE: Global Automakers Letter to Governor Brown

Sorry we didn't connect yesterday. I'm around all day if you have time to chat.

Best, Julia

202.650.5559 (direct)

202.436.2266 (mobile)

jrege@globalautomakers.org

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From: Charmley, William [mailto:charmley.william@epa.gov]
Sent: Thursday, March 16, 2017 5:55 PM
To: Julia Rege <JRege@globalautomakers.org>
Subject: Re: Global Automakers Letter to Governor Brown

Julia

If you have 5 or 10 minutes, can you give me a call on this?

I'm on my cell 734-545-0333

Thanks

Bill

Sent from my iPhone

On Mar 16, 2017, at 5:45 PM, Julia Rege <JRege@globalautomakers.org> wrote:

Chris and Bill,

Global Automakers is delivering a letter to Governor Brown today in response to his tweet/letter re: GHG standards to John Bozzella yesterday. This letter is in the process of being delivered and is being provided to you in advance as a courtesy.

I also wanted to let you know, if you weren't already informed, that tomorrow the Alliance and Global Automakers will be running an ad in the WSJ thanking the President for reopening up the midterm review process on GHG.

Please let me know if you have any questions.

Best, Julia

Julia Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

1050 K Street, NW, Suite 650

Washington, DC 20001

202.650.5559 (direct)

202.650.5555 (main)

jrege@globalautomakers.org

<image001.png>

<image003.jpg> <image005.jpg>

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<Global Automakers Letter to Governor Brown.pdf>

To: Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]
From: Julia Rege
Sent: Thur 3/16/2017 9:45:01 PM
Subject: Global Automakers Letter to Governor Brown
Global Automakers Letter to Governor Brown.pdf

Chris and Bill,

Global Automakers is delivering a letter to Governor Brown today in response to his tweet/letter re: GHG standards to John Bozzella yesterday. This letter is in the process of being delivered and is being provided to you in advance as a courtesy.

I also wanted to let you know, if you weren't already informed, that tomorrow the Alliance and Global Automakers will be running an ad in the WSJ thanking the President for reopening up the midterm review process on GHG.

Please let me know if you have any questions.

Best, Julia

Julia Rege

Director, Environment & Energy

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From: NADA Headlines
Sent: Thur 3/16/2017 2:33:19 PM
Subject: NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy Standards

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March 16, 2017

Inside this issue

- NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy Standards
- EPA Will Reopen Review of 2025 Emissions Rules
- How Fed Hike Will Affect Mortgages, Car Loans, Credit Cards
- Vehicle-Ownership Rate Per Household on the Rise
- Dealerships That Participate in Workforce Study by April 28 Will Receive Two Complimentary Reports

Top Stories

NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy Standards

NADA President and CEO Peter Welch on Wednesday issued the following statement in response to the Trump Administration's decision to restart the midterm review of federal fuel-economy standards, which was circumvented by the Obama Administration's "final determination" of MY 2022-2025 standards in January:

"NADA applauds the Trump Administration for reaffirming our

Quotable

"Maintaining vehicle affordability is critical to actually building on the progress the industry has already made on increasing fuel economy and lowering vehicle emissions. As dealers, our top priority will always be ensuring that working men and women have the ability to purchase the fuel-efficient cars and trucks they need at prices they can afford."

-- NADA President and CEO Peter Welch commenting on President Donald Trump's announcement to reopen the midterm review for fuel-economy standards, *Automotive News*, March 15

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NADA members can view past

shared commitment to a transparent, fair and data-driven midterm review of fuel-economy standards. Maintaining vehicle affordability is critical to actually building on the progress the industry has already made on increasing fuel economy and lowering vehicle emissions. As dealers, our top priority will always be ensuring that working men and women have the ability to purchase the fuel-efficient cars and trucks they need at prices they can afford."
Source: NADA

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EPA Will Reopen Review of 2025 Emissions Rules

President Donald Trump on Wednesday said his administration will reopen a review of Obama-era auto emissions mandates, welcome news for automakers that argue the strict standards are costly and out-of-touch with market realities. The reopening of the midterm review does not mean the standards will be weakened, but it does give automakers the opportunity to push for relief by lobbying new EPA Administrator Scott Pruitt, who has downplayed the effect humans have on climate.
Source: Automotive News

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How Fed Hike Will Affect Mortgages, Car Loans, Credit Cards

Are mortgage rates going up? How about car loans? Credit cards? With the Federal Reserve having raised its benchmark interest rate Wednesday and signaled the likelihood of additional rate hikes later this year, consumers and businesses will feel it — if not immediately, then over time. "We are in a rising interest rate environment," noted Nariman Behravesh, chief economist at IHS Markit.
Source: The Washington Post

Editor's note: *Nariman Behravesh is among several speakers and panelists slated for the 2017 Automotive Forum hosted by NADA, J.D. Power and the New York International Auto Show -- at the Grand Hyatt New York on April 11.* ***Click here*** *for the full agenda and to register. Seated is limited.*

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Vehicle-Ownership Rate Per Household on the Rise

Perhaps the next "up" to come through your dealer website or walk into the showroom might want to own more than one vehicle. While the rate of ownership of cars and light trucks has steadily declined since its peak a decade ago, it is starting to climb, according to a University of Michigan researcher.
Source: Auto Remarketing

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Past Articles:

- March 15 - Trump Will Offer Boost for Carmakers Today
- March 14 - NADA / J.D. Power Automotive Forum: The View from Wall Street
- March 13 - Trump Expected to Announce Vehicle Emissions Rules Review
- March 10 - Study Warns of Higher Consumer Prices, Job Losses Under Current MPG Rules
- March 9 - Ford's Joe Hinrichs and Toyota's Bob Carter to Speak at 2017 Automotive Forum in NYC on April 11

Dealerships That Participate in Workforce Study by April 28 Will Receive Two Complimentary Reports

NADA and ATD members that participate in the Dealership Workforce Study by completing a questionnaire and submitting their payroll records will receive two complimentary reports.

Automotive Retail: National & Regional Trends in Compensation, Benefits & Retention is the industry's top resource for helping dealers meet their No. 1 challenge of attracting and retaining productive employees. It contains clear analysis of the light-vehicle and commercial-truck industry. The report includes national and regional data for 60 car and truck dealership positions. In addition to data on pay, benefits and turnover, the report details the impact of work schedules, gender gap and generational challenges facing dealerships today. Participants will also receive a complimentary individualized comparative report for each participating dealership.

To enroll in the 2017 Dealership Workforce Study, which is open through April 28, visit **www.nadaworkforcestudy.com** and enter your Member (Company) ID. For questions, send an email to **WorkforceStudy@nada.org** or call 800.557.6232.

Source: NADA Dealership Operations

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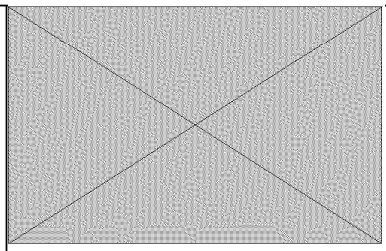

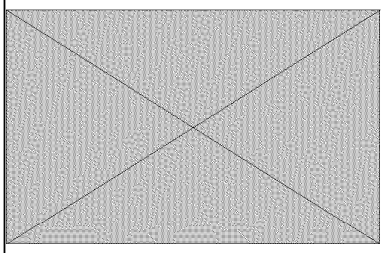

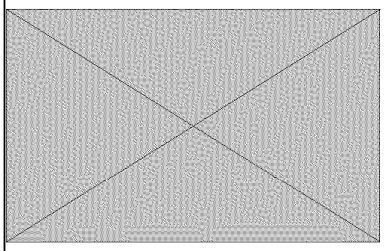

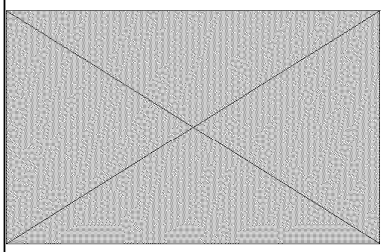

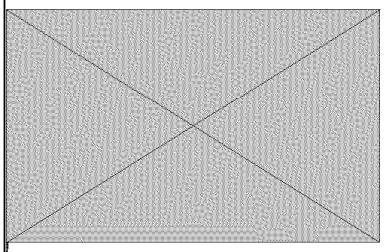

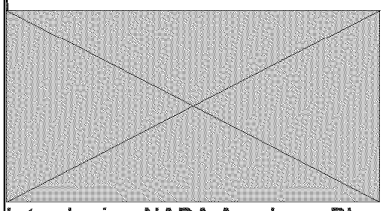

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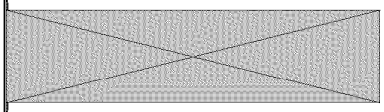

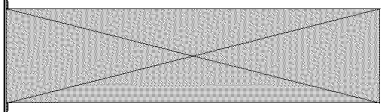

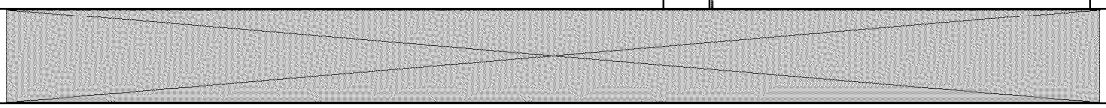

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March 14, 2017

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- Volkswagen CEO: U.S. Remains 'Core Market' for Company
- Big Tech Reshaping Auto Supply Chain With Latest Deals
- Volkswagen CEO Says Not Ruling Out Merger Talks with Fiat Chrysler
- We're in an 'Arms Race' for Smart People: Bill Ford

Top Stories

NADA / J.D. Power Automotive Forum: The View from Wall Street

"The View from Wall Street" is among several topics and panel sessions slated for the 2017 Automotive Forum in New York City next month ahead of the auto show. The Wall Street panel speakers are John Murphy, managing director and lead U.S. auto analyst in equity research for Bank of America Merrill Lynch, and Michael Montani, managing

Quotable

"We are committed to continued gains in fuel efficiency and carbon reduction. At the same time, ignoring consumer preferences and market realities will drive up costs for buyers and threaten future production levels."

-- Auto industry executives wrote in a letter to President Donald Trump, Bloomberg, March 14

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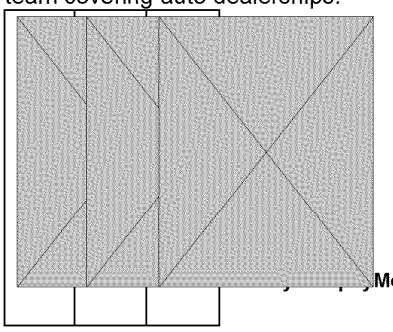
director and analyst on Evercore ISI's consumer research team covering auto dealerships.



Montani

Stephen Girsky, managing partner of VectolQ, an independent advisory firm based in New York, will moderate a panel discussion with Murphy and Montani. Girsky served in numerous capacities at General Motors from November 2009 until July 2014.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York on April 11, 2017. For the full agenda or to register, visit **www.autoforumny.com**. Seating is limited, so register today. Attendees will receive access to the auto show during press days starting April 12.
Source: NADA

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Trump Answers Auto Industry Call for Review of $33 Billion Rules

When President Donald Trump visits the Detroit area this week, he'll come bearing a gift: a first step toward relaxing rules that could cost automakers about $33 billion. Trump will announce as part of a visit to Ypsilanti, Michigan, on Wednesday that his administration will begin re-examining fuel-economy standards set by the Obama administration, according to two people familiar with the plans. He'll speak with workers and executives at carmakers that have sought to relax the rules, which the Environmental Protection Agency tried to solidify during the final days of Barack Obama's presidency.
Source: Bloomberg

Related article:

- NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era' *(NADA Headlines)*

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Volkswagen CEO: U.S. Remains 'Core Market' for Company

The CEO of German automaker Volkswagen says the United

States remains a "core market" for the company despite its diesel emissions scandal and has underlined that it hopes to expand there. Matthias Mueller made the comments Tuesday at the company's annual news and investor conference at its headquarters in Wolfsburg, Germany.
Source: The Associated Press

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Big Tech Reshaping Auto Supply Chain With Latest Deals

Intel Corp. sent a fresh shock wave through the automotive supply chain, becoming the latest tech company to gobble up a specialized car components supplier. The Silicon Valley company's $15 billion acquisition of Mobileye NV could unsettle established auto makers, but it may be the type of big bet needed to populate roads with self-driving vehicles.
Source: The Wall Street Journal (Subscription required)

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Volkswagen CEO Says Not Ruling Out Merger Talks with Fiat Chrysler

Volkswagen Chief Executive Matthias Mueller said he did not rule out he could hold merger talks with Fiat Chrysler boss Sergio Marchionne, in a marked change of tone by the German carmaker toward its Italian-American peer. "I am not ruling out a conversation," Mueller told journalists after VW's annual results news conference.
Source: Reuters

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We're in an 'Arms Race' for Smart People: Bill Ford

The frenetic race to develop autonomous vehicles features a lot of bold claims, management wooing and screaming headlines. Sleep while your car drives! Come work for us and change the world! Technology secrets stolen! Sounds like deja vu to Bill Ford, chairman of Ford Motor and great-grandson of Henry Ford.
Source: USA Today

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Past Articles:

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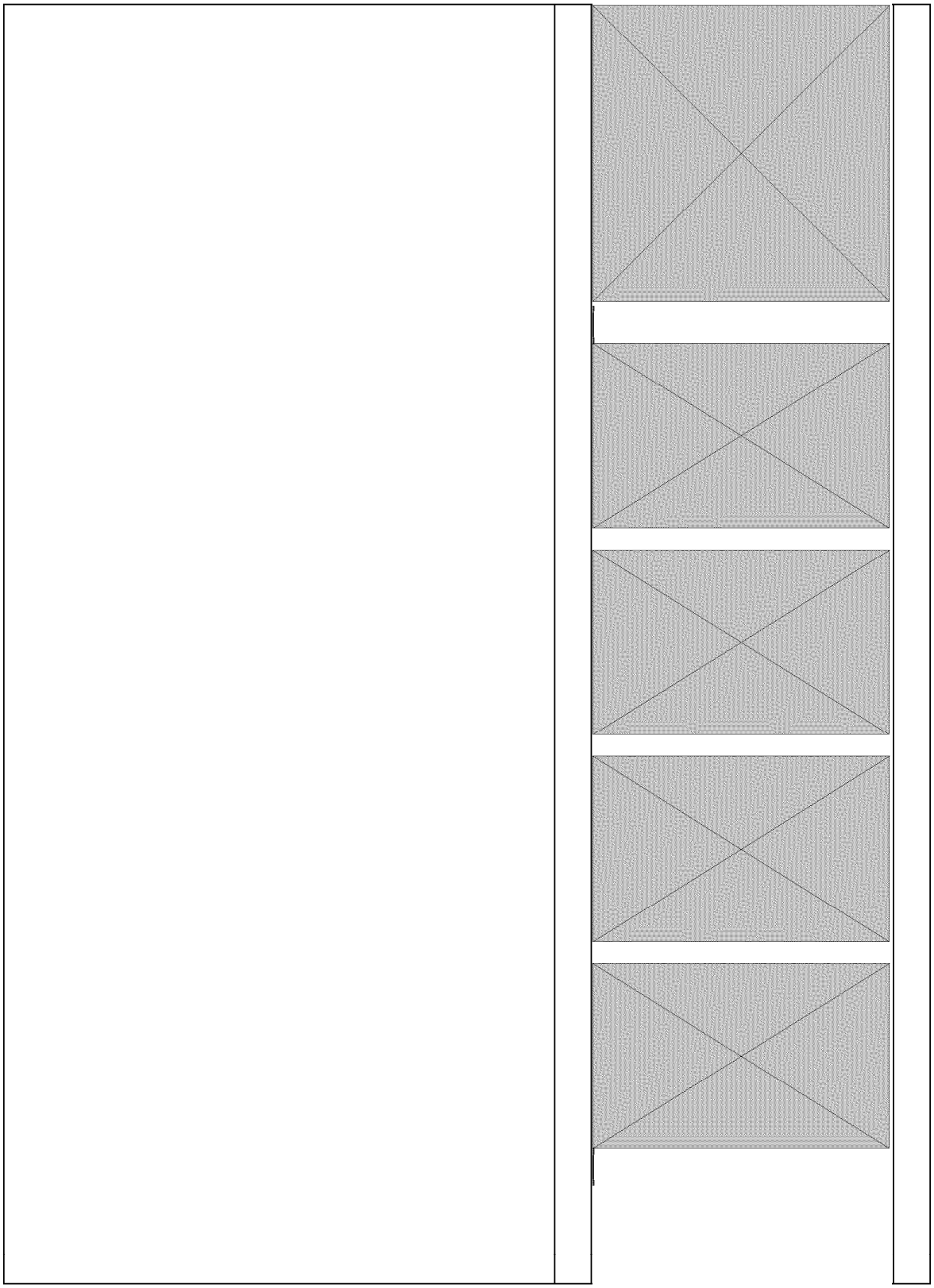
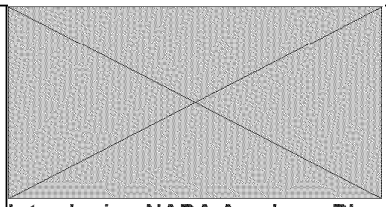
- March 10 - Study Warns of Higher Consumer Prices, Job Losses Under Current MPG Rules
- March 9 - Ford's Joe Hinrichs and Toyota's Bob Carter to Speak at 2017 Automotive Forum in NYC on April 11
- March 8 - VW Rejects Marchionne's Merger Suggestion: 'We Have Other Problems'
- March 7 - General Motors Pulls Back from European Auto Market





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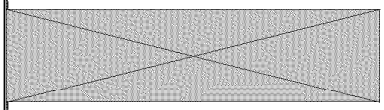

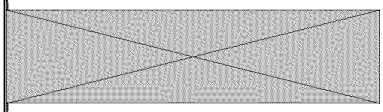

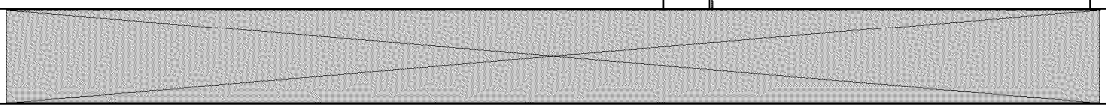

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March 13, 2017

Inside this issue

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- U.S. Auto Recalls Hit Record High 53.2 Million in 2016
- Volkswagen Apologizes, Pleads Guilty to Fraud
- GM Isn't Done Pruning
- Keith Crain: A New Powerhouse Emerges
- VW Reveals New Product, Sales Strategies for U.S.
- California to Give Green Light to Truly Driverless Cars

Top Stories

Trump Expected to Announce Vehicle Emissions Rules Review

U.S. President Donald Trump is expected announce a restart of a review of vehicle fuel efficiency rules sought by the auto industry at an event on Wednesday with the chief executives of U.S. automakers, according to two sources briefed on the matter. Trump is expected to visit Ypsilanti, Michigan, a Detroit suburb, to tout his administration's decision to revive a

Quotable

"Our overall philosophy is that every country, every market segment has to earn its cost of capital."

-- General Motors CEO Mary Barra, commenting on future efforts to pare its portfolio, *Automotive News*, March 13

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review of the feasibility of the 2022 through 2025 vehicle emissions rules, after the Obama administration moved in its final days to lock in the rules.
Source: Reuters

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U.S. Auto Recalls Hit Record High 53.2 Million in 2016

The U.S. Transportation Department said automakers recalled a record high 53.2 million vehicles in 2016 in the United States in part because of a massive expansion in callback to replace Takata Corp. air bag inflators.
Source: Reuters

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Volkswagen Apologizes, Pleads Guilty to Fraud

The investigation, along with its cover-up, has forced Volkswagen to agree to civil settlements worth about $17 billion for U.S. consumers and dealers who own the automaker's diesel vehicles

U.S. District Judge Sean Cox on Friday accepted a guilty plea from Volkswagen after an executive for the automaker admitted to three federal charges in connection with its diesel emissions scandal.
Source: Detroit Free Press

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GM Isn't Done Pruning

International markets and North American cars could be targets

After pulling the trigger on a sale of its European operations, General Motors signaled that it's willing to cut off more vestigial corners of its business in a decidedly unsentimental drive to improve its profit margins and stock price. CEO Mary Barra made clear last week that the Opel deal is not the end of the automaker's effort to pare its portfolio, though other moves under consideration are unlikely to have the sweeping impact of effectively abandoning one of the world's largest and most mature markets.
Source: Automotive News

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Keith Crain: A New Powerhouse Emerges

Few folks took notice of Carlos Tavares when Carlos Ghosn sent him to Nashville to run the entire Western Hemisphere for Nissan Motor Co. Tavares did well enough to be recalled to France to help Ghosn. But they had a falling out and Tavares found himself unemployed. It didn't take long, though, for the automotive ugly duckling of Europe, PSA, to snatch up Tavares as CEO. What he did to turn around PSA, a combination of a few struggling brands, was nothing short of remarkable. He transformed PSA into a powerhouse and

the icing on the cake was the planned purchase of General Motors' European assets.
Source: Automotive News

Keith Crain is editor-in-chief of Automotive News.

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VW Reveals New Product, Sales Strategies for U.S.

Volkswagen, the German automaker known mostly in the U.S. as a small-car company that sold diesels, is going to transform itself into a family-friendly SUV-oriented brand, VW's top U.S. official tells reporters [in Geneva]. Hinrich Woebcken, CEO-North American Region, also confirms VW no longer will sell diesel-powered vehicles in the U.S. and will focus instead on becoming a leading player in battery electric vehicles beginning in 2020.
Source: WardsAuto

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California to Give Green Light to Truly Driverless Cars

Cars with no steering wheel, no pedals and nobody at all inside could be driving themselves on California roads by the end of the year, under proposed new rules that would give a powerful boost to the technology from the nation's most populous state.
Source: The Associated Press

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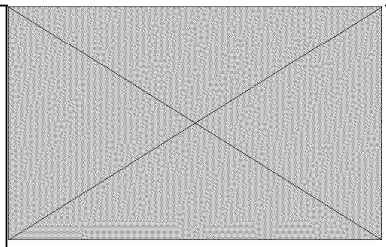

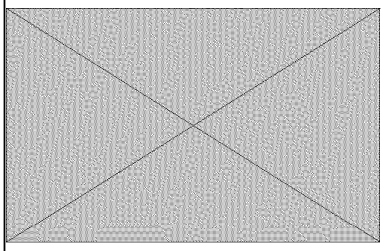

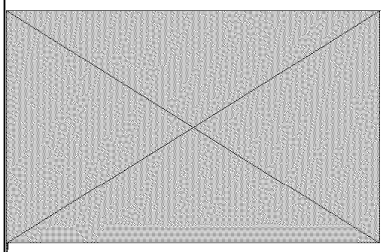

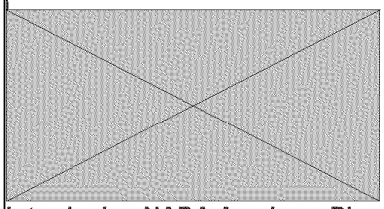

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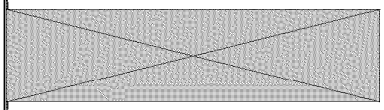

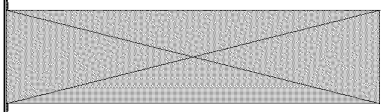

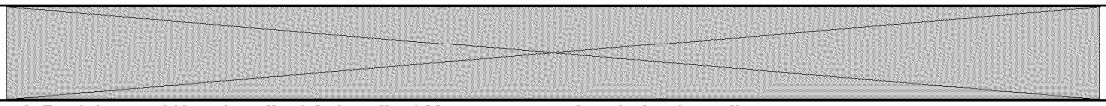

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Meeting with Toyota

TECHNOLOGY EFFECTIVENESS AND COMPLIANCE SCENARIOS

March 28, 2017
Office of Transportation and Air Quality
National Vehicle and Fuel Emissions Laboratory

Contains CBI

FOIA EPA-HQ-2017-005550

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Recap of Past MTE Meetings with Toyota

CBI

- **EPA has met previously with Toyota four times during the MTE process**
  - Ann Arbor – November 2013
  - Nagoya – May 2014
  - California and Washington – November 2015
- **EPA extensively reviewed Toyota's comments on the Draft Technical Assessment Report and the Proposed Determination**
- **Toyota's key messages**

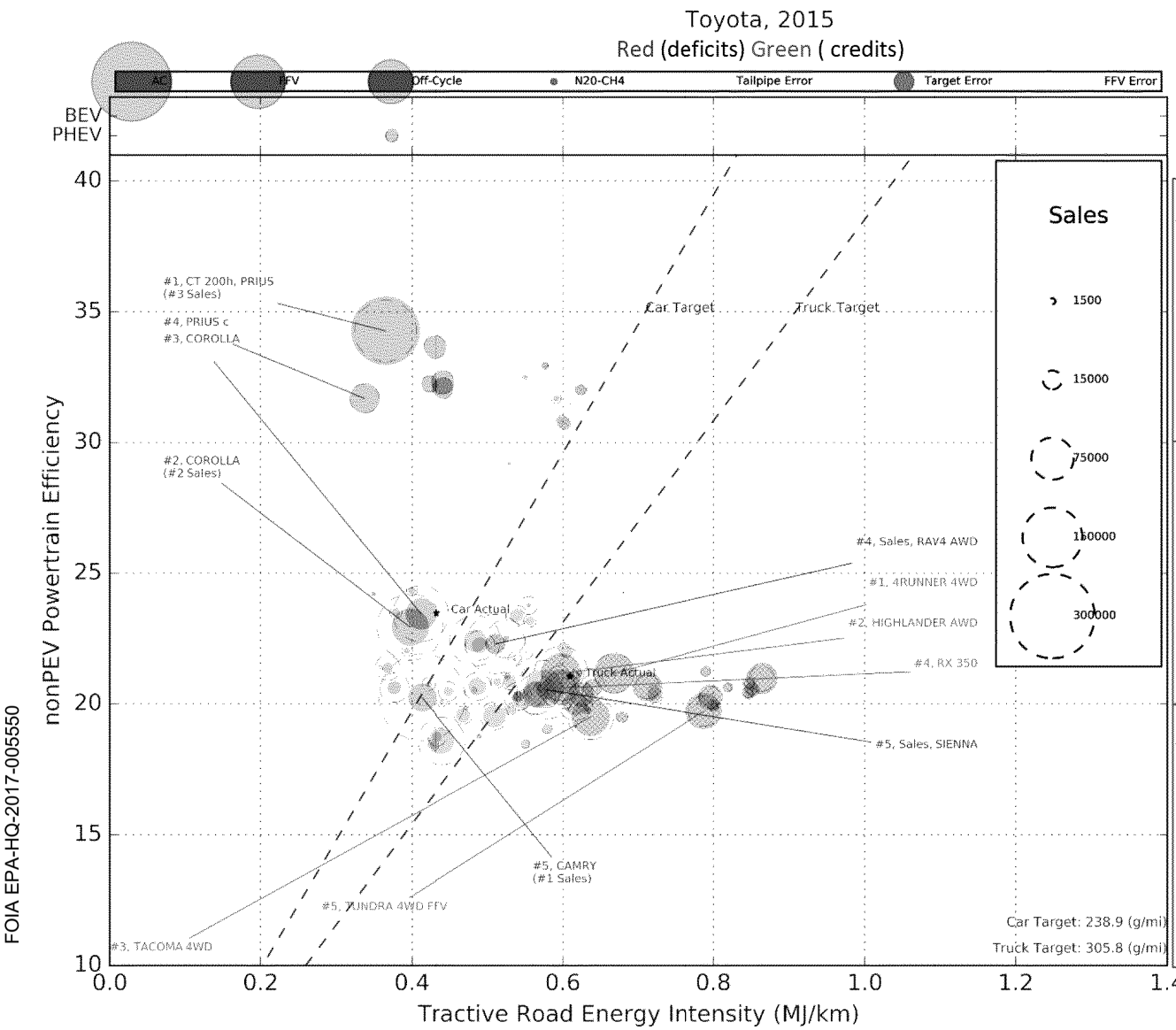
Ex. 4 - CBI

- **EPA asked Toyota to provide more detail regarding conventional technologies – *How far can conventional technologies take you?***
  - Confidential Business Information was provided in the spring of 2016 and again in the comments for Proposed Determination
  - EPA assessed the CBI and used the information (in a blind manner) to inform the Nov 2016 Proposed and Jan 2017 Final Determination

FOIA EPA-HQ-2017-005550

Toyota's 2015 MY Compliance Situation

* Based on publicly available data, published in 1) EPA's MY2015 GHG Manufacturer Performance Report and 2) MY2015 Baseline Fleet data in Proposed Determination TSD



	Category	g/mi	Mg
C	Tailpipe, non-PEV	13	3,954,884
45.6 sqft	Tailpipe, PEV	1	138,987
57 %	FFV	0	0
	A/C	8	2,379,308
	Off-Cycle	2	694,951
	N2O-CH4	0	-14,844
	Tailpipe Error	0	0
	Target Error	0	0
	FFV Error	0	0
	Subtotal		7,153,286
T	Tailpipe, non-PEV	-36	-9,167,729
52.7 sqft	Tailpipe, PEV	0	0
43 %	FFV	8	1,952,713
	A/C	8	2,037,574
	Off-Cycle	3	683,450
	N2O-CH4	0	-8,896
	Tailpipe Error	0	0
	Target Error	-1	-254,559
	FFV Error	0	0
	Subtotal		-4,757,447
All	Tailpipe, non-PEV	-8	-5,212,845
48.6 sqft	Tailpipe, PEV	0	138,987
	FFV	3	1,952,713
	A/C	8	4,416,882
	Off-Cycle	2	1,378,401
	N2O-CH4	0	-23,740
	Tailpipe Error	0	0
	Target Error	0	-254,559
	FFV Error	0	0
	Total		2,395,839

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Toyota's 2015 MY Advanced Technology Penetration

- **Toyota is complying with the 2015 MY standards with a focus on a couple of advanced technologies concentrated in the car fleet**
  - Continuously Variable Transmissions
  - Strong hybrids

MY2015 Baseline		Car	Truck	Combined
Engine	GDI	9%	1%	6%
	Turbocharged	2%	1%	1%
	Cylinder Deactivation	0%	0%	0%
	Atkinson for non-HEV	0%	0%	0%
Transmission	7speed & lower AT	55%	98%	73%
	8speed & higher AT	3%	0%	2%
	CVT	**40%**	1%	24%
	Manual	1%	1%	1%
Stop-start & electrification	Stop-start *	0%	0%	0%
	Strong HEV **	**18%**	1%	11%
	PHEV **	0.4%	0%	0.2%
	BEV	0%	0%	0%
Sales		100%	100%	100%

* With no strong electrification

** Includes stop-start

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Technology Walks – Approach Used for 5 Vehicle Case Studies

Overview

- EPA modeled 2-cycle GHG emissions in ALPHA for 5 High Volume Vehicles (Corolla, Camry, RAV4 AWD, Highlander AWD, Tundra AWD)

Non-CBI approach using only public domain data for current technology engines and near-future transmissions[*1]

- start with MY2015 actual Toyota vehicles (from test car list)
- add OEM-published engine maps + Stop-start, sized for performance neutrality
  - Normally aspirated: Toyota TNGA 2.5L, 40% BTE [*2]
  - Turbocharged: Honda 1.5L GDI [*3]
- add Transmission improvements
  - Current 8-speed (TRX21, based on 2nd generation ZF)
  - Efficiency improvements (TRX22)
- add Accessory improvements (25% reduction in alternator load)
- add 3 levels of Load Reduction (Low LR, Mid LR, High LR)

CBI approach using Toyota-provided data

- start with MY2015 actual Toyota vehicles (from test car list)
- add Toyota-projected 2025 road load improvements
- add Engine map and transmission selected to match Toyota-projected GHG values
- With and without Toyota-projected power and performance changes

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[*1] non-CBI approach shown here is described further in Section 2.1 of EPA's Response to Comments Document for the January 2017 Final Determination (pp. 21-24.)
[*2] Eiji Murase and Rio Shimizu, "Innovative Gasoline Combustion Concepts for Toyota New Global Architecture," 25th Aachen Colloquium Automobile and Engine Technology 2016.
[*3] Wada, Y., Nakano, K., Mochizuki, K., and Hata, R., "Development of a New 1.5L I4 Turbocharged Gasoline Direct Injection Engine," SAE Technical Paper 2016-01-1020, 2016, doi:10.4271/2016-01-1020. (supplemented with data publicly available during the 2016 SAE World Congress).

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Examples of EPA Technology Walks for Toyota Corolla: CBI Walk and non-CBI Walk

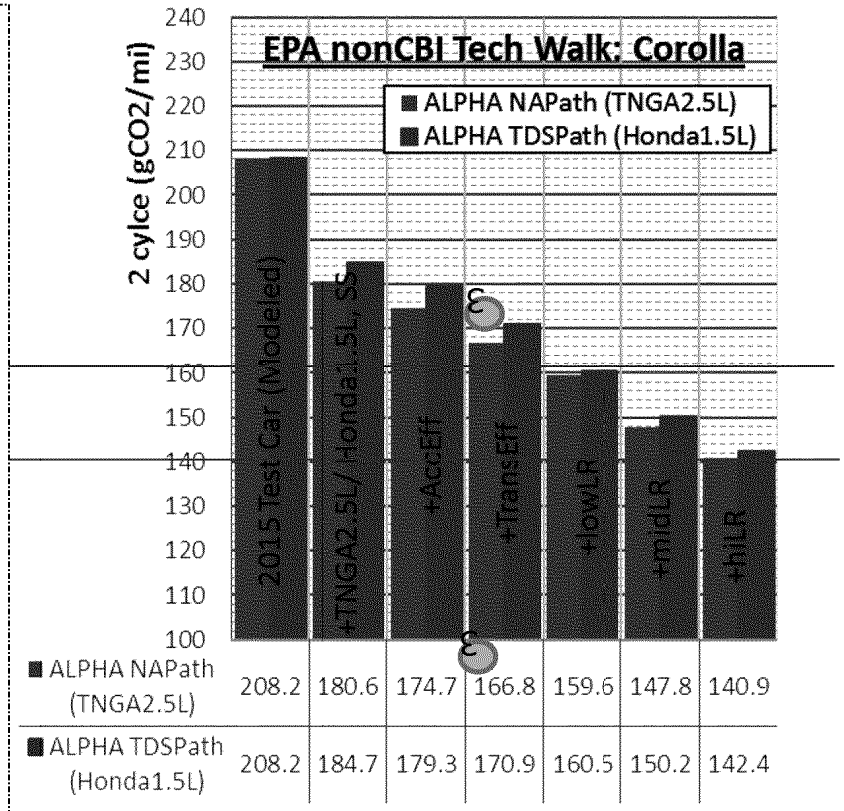
CBI

Ex. 4 - CBI

Ex. 4 - CBI

Target with A/C,SS: 161.9g/mi

2025 2-cycle target: 140.6g/mi



	2015 Test Car (Modeled)	+TNGA2.5L/ Honda1.5L, SS	+AccEff	+TransEff	+lowLR	+midLR	+hiLR
ALPHA NAPath (TNGA2.5L)	208.2	180.6	174.7	166.8	159.6	147.8	140.9
ALPHA TDSPath (Honda1.5L)	208.2	184.7	179.3	170.9	160.5	150.2	142.4

Ex. 4 - CBI

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Technology Walks – Summary of Results

CBI

Ex. 4 - CBI

EPA's non CBI projections:

1. powertrain efficiencies of **24~29%**
2. load reductions resulting in **4~9%** tractive energy reduction (for 'Low LR' case); **12~15%** (for 'Mid LR' case);
3. **performance neutral** within ±5%
4. A/C credits 18.8 g/mi (car), 24.4 g/mi (truck)
5. 2 cycle + credits values **below footprint targets** for Corolla, Camry, and RAV4. Highlander and Tundra values **approach footprint targets** (for 'Mid LR' and 'High LR' cases)

			Specifications						ALPHA Modeling Results								MY2025 Standards			
			FP (sq ft)	ETW (lbs)	Road Load Coefficients A (lbs)	(lbs/mph)	(lbs/mph2)	HP	Performance (0-60 accel, sec) Value	Decrease	Powertrain Efficiency Value	Increase	Tractive Road Energy Intensity (MJ/km) Value	Decrease	2 Cycle GHG Emissions (g CO2/mi) Value	Decrease	Target (g/mi)	SS off-cycle credits (g/mi)	AC credits (g/mi)	2 cycle + credits vs. Target (g/mi)
Corolla	2015 Test Car		44.1	3125	29.834	-0.08450	0.021121	132	8.6	-	22.9%	-	397.7	-	205.1	-		-	-	-
	Ex. 4 - CBI																			
	EPA nonCBI	Low LR		2875	28.167	-0.08450	0.021121	131	8.2	5%	28.1%	23%	380.3	4%	159.6	22%	140.6	2.5	18.8	-2.3
		Mid LR		2875	26.870	-0.08450	0.016897	124	8.6	1%	27.6%	21%	345.7	13%	147.8	28%	140.6	2.5	18.8	-14.1
		High LR		2500	25.552	-0.08450	0.016897	118	8.2	4%	27.4%	20%	326.9	18%	140.9	31%	140.6	2.5	18.8	-21.0
Camry	2015 Test Car		47.2	3500	27.232	0.04319	0.019374	178	7.7	-	21.0%	-	413.7	-	232.0	-	-	-	-	-
	Ex. 4 - CBI																			
	EPA nonCBI	Low LR		3250	25.669	0.04319	0.017437	158.2	7.8	-2%	27.5%	31%	383.6	7%	164.2	29%	150.7	2.5	18.8	-7.8
		Mid LR		3250	24.208	0.04319	0.015499	166.6	7.5	2%	26.8%	27%	364.9	12%	160.7	31%	150.7	2.5	18.8	-11.3
		High LR		2875	22.756	0.04319	0.015499	141	7.7	0%	27.1%	29%	343.2	17%	149.4	36%	150.7	2.5	18.8	-22.6
RAV4 AWD	2015 Test Car		44.9	3875	33.417	0.07314	0.026719	176	8.8	-	22.5%	-	511.0	-	268.2	-	-	-	-	-
	Ex. 4 - CBI																			
	EPA nonCBI	Low LR		3500	30.893	0.07314	0.024047	152.9	8.8	0%	29.4%	31%	468.4	8%	188.1	30%	173.2	4.4	24.4	-13.9
		Mid LR		3500	28.929	0.07314	0.021375	152.9	8.8	0%	29.0%	29%	442.3	13%	180.0	33%	173.2	4.4	24.4	-22.0
		High LR		3125	26.935	0.07314	0.021375	136.7	8.8	0%	29.1%	29%	417.4	18%	169.3	37%	173.2	4.4	24.4	-32.7
Highlander AWD	2015 Test Car		49.0	4750	39.939	0.04131	0.030299	270	7.4	-	21.0%	-	597.8	-	334.9	-	-	-	-	-
	Ex. 4 - CBI																			
	EPA nonCBI	Low LR		4250	36.863	0.04131	0.027269	226.2	7.8	-5%	27.1%	29%	547.0	8%	237.9	29%	187.9	4.4	24.4	21.2
		Mid LR		4250	34.471	0.04131	0.024239	226.2	8.0	-9%	26.7%	27%	517.1	14%	228.2	32%	187.9	4.4	24.4	11.5
		High LR		3875	32.041	0.04131	0.024239	212.8	7.7	-3%	26.6%	27%	485.9	19%	214.9	36%	187.9	4.4	24.4	-1.8
Tundra AWD	2015 Test Car		68.7	5500	37.347	0.63046	0.039122	381	6.2	-	20.7%	-	817.6	-	465.6	-	-	-	-	-
	Ex. 4 - CBI																			
	EPA nonCBI	Low LR		5000	47.475	0.30695	0.039274	409	5.7	7%	25.3%	22%	745.4	9%	347.3	25%	258.4	4.4	24.4	60.1
		Mid LR		5000	43.439	0.30695	0.034910	429.4	5.7	7%	24.1%	17%	698.8	15%	341.2	27%	258.4	4.4	24.4	54.0
		High LR		4500	39.339	0.30695	0.034910	368	5.9	5%	25.2%	22%	658.8	19%	308.7	34%	258.4	4.4	24.4	21.5

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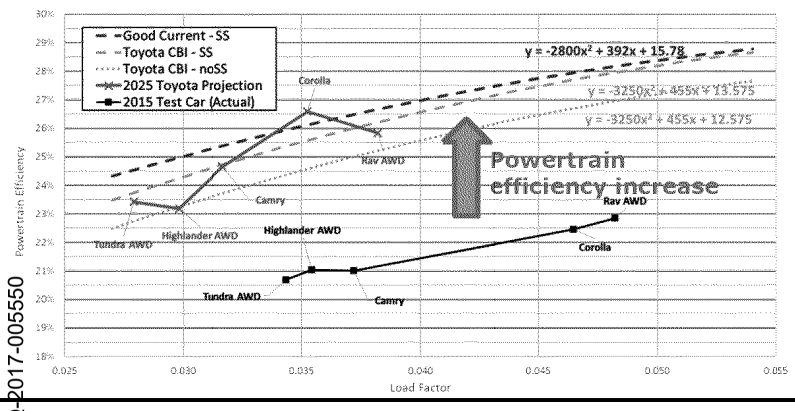
Compliance Grid Analysis

CBI

- EPA conducted a simple Excel-based analysis for the purpose of investigating Toyota's technology projections
- Limited to only existing conventional technologies, without cost-minimizing pathway (OMEGA does that)
- Vehicle GHG performance (g/mi) estimated from CBI and non-CBI tech walks
  - Assumptions for powertrain, performance, load reduction, off-cycle and A/C credits from Toyota CBI and non-CBI sources
  - non-PEV emissions = (Tractive Energy Intensity * CO2 Density of fuel) / Powertrain Efficiency

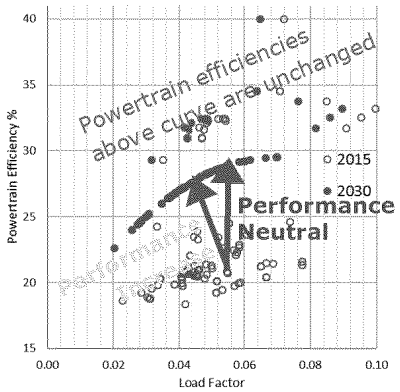
Powertrain Improvement Assumptions

- Ex. 4 - CBI
- nonCBI grid: Efficiency curve based on EPA nonCBI tech walks (with stop-start)



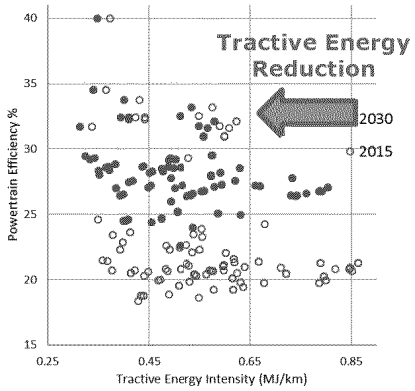
Performance Assumptions

- Ex. 4 - CBI
- non-CBI: Performance neutral, using constant Load Factor to determine powertrain efficiency



Load Reduction Assumptions

- Ex. 4 - CBI
- non-CBI grid: Tractive energy reductions of 7%, similar to 'Low LR' tech walk step



Off-cycle and A/C credit Assumptions

- Ex. 4 - CBI
- non-CBI: 18.8 g/mi (car) and 24.4 g/mi (truck) + stop-start credits applied to all non PEVs

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Toyota Compliance Grid Analysis – Based on Toyota CBI

(CBI: MY2025 Projections of technology, performance, off-cycle and A/C credits)

CBI

increasing stringency | constant stringency

2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

ΔMY2015 to MY2025

PT Efficiency | Tractive Energy | 2cycle GHG | PEV share

Ex. 4 - CBI

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Toyota Compliance Grid Analysis – EPA's Non-CBI Assessment
(Published engine maps with EPA trans improvements, performance, A/C credits)

increasing stringency | constant stringency

2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

		Δ MY2015 to MY2025				
		PT Efficiency % ↑		Tractive Energy % ↓	2cycle GHG % ↓	PEV share % ↑
1. MY2015 Baseline + IHS mix projections	Car	0.0%	+	0.0%	0.0%	0.0%
	Truck	0.0%	+	0.0%	0.0%	0.0%
	All	0.0%	+	0.0%	0.0%	0.0%
	Compliance Status					
2. + Full A/C Credits • Car: 18.8 g/mi • Truck: 24.4 g/mi	Car	0.0%	+	0.0%	0.0%	0.0%
	Truck	0.0%	+	0.0%	0.0%	0.0%
	All	0.0%	+	0.0%	0.0%	0.0%
	Compliance Status					

This non-CBI assessment assumes stop-start is applied to all non PEV's (see 4. below)

4. + Good current powertrains w/ SS • TNGA/HondaTDS efficiency on all nonPEVs • Accessory and 8speed trans improvements • w/ SS off-cycle credits. Car/Truck: 2.5/4.4 g/mi	Car	22.7%	+	0.0%	21.1%	0.0%
	Truck	33.1%	+	0.0%	25.2%	0.0%
	All	26.5%	+	0.0%	23.3%	0.0%
	Compliance Status					
5. + Load Reduction • Tractive Energy reduction with aero/mass/tire • 7% reduction (Car and Truck)	Car	22.7%	+	7.0%	26.6%	0.0%
	Truck	33.1%	+	7.0%	30.5%	0.0%
	All	26.5%	+	7.0%	28.7%	0.0%
	Compliance Status					
6. + Performance Increase • 10% increase in power-to-weight	Car	20.7%	+	7.0%	25.2%	0.0%
	Truck	30.2%	+	7.0%	28.9%	0.0%
	All	24.1%	+	7.0%	27.2%	0.0%
	Compliance Status					

GAP

Multiple options to fill compliance gap - e.g. additional powertrain improvements, off-cycle credits, additional load reduction, etc. If PEVs are chosen as the only additional technology, would need ~ 3% (below)

7. + PEV Electrification (0.2%→2.9%) • 50/50 PHEV(50 mile CD range)/BEV	Car	20.7%	+	7.0%	25.2%	2.7%
	Truck	30.2%	+	7.0%	28.9%	2.7%
	All	24.1%	+	7.0%	27.2%	2.7%
	Compliance Status					

At End of Model Year | Credits | Deficits | After credit Carry Forward and Carry Back | Compliant | Non compliant

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Technical Conclusions

CBI

Ex. 4 - CBI

- **Compliance Grid based on EPA non-CBI** (see slide 10)
  - No compliance gap using only existing (and very near-term) conventional technologies and performance neutrality
  - Small compliance gap with performance increases could be filled with:
    - Minimal electrification, or
    - Additional powertrain improvements, off-cycle credits, additional load reduction, etc.

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March 16, 2017

Governor Edmund G. Brown, Jr.
c/o State Capitol, Suite 1173
Sacramento, CA 95814

Dear Governor Brown:

I have seen your March 15, 2017 letter to me regarding motor vehicle regulations, which was disseminated through Twitter.

Your tweet, and your letter, contain some false assertions—assertions which, unfortunately, are overly dramatic and distract us from the real issues at hand.

Global Automakers has taken no "action to weaken" the greenhouse gas emission (GHG) standards, as you claim incorrectly. All we asked for—and all that we received —was a return to the Midterm Evaluation process agreed to by all parties (including the State of California) in 2012. The Midterm Evaluation was designed to examine up-to-date information on all relevant factors—such as market conditions, consumer preferences, technological advances, and changes in assumptions and predictions—in order to ensure that the standards achieve meaningful reductions in motor vehicle GHG emissions, while also providing customers with affordable vehicles that meet their needs.

Global Automakers and our member companies signed up for the One National Program in large part because it included a data-driven and transparent Midterm Evaluation coordinated among California, the U.S. Environmental Protection Agency (EPA), and the National Highway Traffic Safety Administration (NHTSA). EPA lost sight of the importance of a coordinated approach when it needlessly rushed through a Final Determination on the GHG emission standards over a year ahead of schedule, contravening its previous commitments, and without coordination with NHTSA. The Trump Administration's action is in line with the request Global Automakers put before EPA: a return to a coordinated Midterm Evaluation that does not lock in a predetermined outcome and goes where the facts lead it.

Global Automakers and our member companies have not wavered in our support for improving motor vehicle fuel economy and reducing GHG emissions through a strong and harmonized federal program. Our member companies have invested, and continue to invest, billions in advanced technologies to achieve public policy goals. Global Automakers looks forward to restarting the discussion to align these critically important goals with the realities of the marketplace and continuing our work with California and the federal agencies as we advance our shared environmental goals.

I welcome the opportunity to discuss these matters further with you.

Sincerely,

John Bozzella
President & CEO

Association of Global Automakers, Inc. 1050 K Street, NW, Suite 650 • Washington, DC 20001 TEL 202.650.5555 GLOBALAUTOMAKERS.ORG

To: Charmley, William[charmley.william@epa.gov]
From: NADA Headlines
Sent: Fri 3/10/2017 3:51:44 PM
Subject: Study Warns of Higher Consumer Prices, Job Losses Under Current MPG Rules

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March 10, 2017

Inside this issue

- Study Warns of Higher Consumer Prices, Job Losses Under Current MPG Rules
- Trump's EPA Chief Says He's Addressing a Rule That Automakers Oppose 'Very Soon'
- Foreign-Car Dealers Urge Congress to Reject Border Tax
- Volkswagen Set to Plead Guilty on Friday in Emissions Case
- BMW's Struggles in the U.S. Hit Overall Earnings
- Ford's Hinrichs and Toyota's Carter Slated for NADA / J.D. Power Automotive Forum
- NHTSA Says to Check for Recalls with Daylight Saving

Top Stories

Study Warns of Higher Consumer Prices, Job Losses Under Current MPG Rules

As President Donald Trump weighs easing U.S. fuel-economy rules, an automaker-funded study offered support

Quotable

"Our findings don't call into question the need for regulation but we found that the federal requirements need to be fine-tuned. Due to unexpectedly low gas prices and tepid demand for electric and hybrid vehicles, the standards will have greater economic impact than envisioned when they were developed."

-- John Graham, a co-author of an Indiana University study on fuel-economy rules and the impact on vehicle cost and employment, Bloomberg/*Automotive News*, March 9

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Automotive Forum -- April

based on looming cost increases for consumers and a short-term drop in industry employment. U.S. consumers may pay an average premium of more than $1,800 per vehicle by 2025 due to tougher fuel economy and emissions targets, according to the Indiana University study, which was conducted over 18 months and funded by the Alliance of Automobile Manufacturers. Employment losses will peak at about 150,000 in 2021, as consumers will shy away from buying costlier cars and trucks, said John Graham, a co-author of the study.
Source: Bloomberg/Automotive News

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Trump's EPA Chief Says He's Addressing a Rule That Automakers Oppose 'Very Soon'

Environmental Protection Agency chief Scott Pruitt said Thursday he expects an announcement rolling back fuel economy rules "very soon." Automakers have expressed concern about the rules set during the Obama administration, which would have pushed auto fuel economy standards to 54.5 mpg by 2025. Some companies have said the Corporate Average Fuel Economy, or CAFE, standard would boost regulatory compliance costs. Pruitt, who has pledged to roll back what he deems burdensome regulations, told CNBC that American automakers wanted to evaluate those standards. He said he believes the rule-making process was rushed.
Source: CNBC

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Foreign-Car Dealers Urge Congress to Reject Border Tax

About 250 foreign-car dealers from around the country spread out across Capitol Hill on Thursday to meet with lawmakers and urge them to reject a House Republican plan for a new tax on imports. Members of the American International Automobile Dealers Association, which represents 9,500 franchises, told members of Congress that the border-adjustment tax would hurt sales. They point to a study by the Center for Automotive Research that the tax could lead to a 5.6 percent increase in prices in the overall market, or an estimated average of $1,970 per vehicle.
Source: The Detroit News

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Volkswagen Set to Plead Guilty on Friday in Emissions Case

Volkswagen AG is set to plead guilty on Friday to three felony counts in the Justice Department's diesel emissions investigation, as the German automaker seeks to move past its cheating scandal. As part of a plea agreement with U.S. prosecutors announced in January, the company agreed to sweeping reforms, new audits and oversight by an independent monitor for three years after it admitting to installing secret software in vehicles to enable it to beat

emissions tests over a six-year period.
Source: Reuters

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BMW's Struggles in the U.S. Hit Overall Earnings

The self-proclaimed ultimate driving machine has hit a pothole in the world's most important luxury market. BMW AG's U.S. operation helped fuel the German auto maker's rise, but it is now struggling to keep pace in the cutthroat American market. The company, whose BMW brand reported its first U.S. sales decline in seven years, needs a jump start so it can fund a spate of ambitious technology products.

New SUVs from smaller luxury competitors, including Jaguar and Land Rover, have added pressure on BMW at the same time some of its hallmark vehicles—including the 5-Series—need to be refreshed. Brian Allan, senior director of Galpin Motors, a Los Angeles dealership that sells brands such as Lincoln, Volvo and Jaguar, said it doubled its sales of Jaguar vehicles in 2016, with sales of the F-Pace SUV accounting for 30% of the increase. Sales of Volvo vehicles rose 50% at the dealership in 2016, driven almost exclusively by the XC90 SUV.
Source: The Wall Street Journal (Subscription required)

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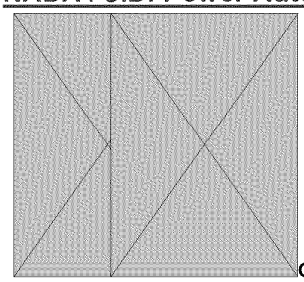
Ford's Hinrichs and Toyota's Carter Slated for NADA / J.D. Power Automotive Forum


Carter

Joe Hinrichs, executive vice president and president, The Americas, Ford Motor Company, will sit down for a fireside chat with Jason Stein, publisher of *Automotive News*. Bob Carter, senior vice president of automotive operations for Toyota Motor Sales, U.S.A., will discuss "Mobility for the Next 50 Years: Cars, Technology, Safety and Mobility Solutions for Everyone," followed by a Q&A session with Finbarr O'Neill, president of J.D. Power.

Hinrichs and Carter are among several speakers and panel sessions scheduled at the 2017 Automotive Forum at the Grand Hyatt New York on April 11. The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show.

For the full agenda or to register, visit

www.autoforumny.com. Attendees will receive exclusive access to the auto show during press days starting on April 12.
Source: NADA

Related article:

- NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era' *(NADA Headlines)*

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Past Articles

NHTSA Says to Check for Recalls with Daylight Saving

It's that time of year again – daylight saving time – when we check our smoke alarms and set our clocks forward to spring ahead. Why not protect yourself and your loved ones against possible vehicle safety defects, too? This weekend the National Highway Traffic Safety Administration (NHTSA) is recommending consumers use the daylight saving time schedule to take a simple safety step and check their VIN to see if their vehicle is under a recall.

Consumers can use NHTSA's free **VIN Look-up Tool** on NHTSA.gov to see if their vehicle manufacturer or NHTSA has determined that there is a defect in their vehicle. If consumers are new to the process, they can also watch this step-by-step **video** on how to check their VIN and find out

Past Articles

- March 9 - Ford's Joe Hinrichs and Toyota's Bob Carter to Speak at 2017 Automotive Forum in Detroit on April 11
- March 8 - VW Rejects Machmer's Merger Suggestion: 'We Have Other Problems'
- March 7 - General Motors Pulls Back from European Auto Market
- March 6 - NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era'
- March 3 - Mexico Economy Minister to Meet with Ford, GM in Detroit

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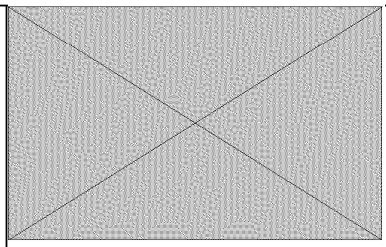
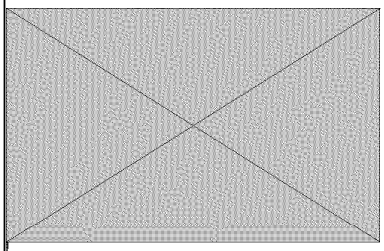
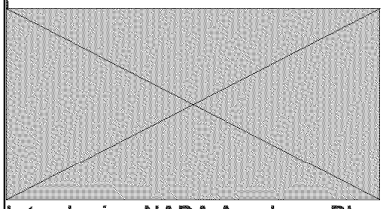
more about how recalls work.

NHTSA also wants to give you the chance to be part of the safety conversation. Join the agency this weekend, on March 12, 2017 from 1-4 p.m. ET, for our Daylight Saving Time Tweet-Up. Get answers to your questions and give your input on Twitter, using the hashtag #CheckforRecalls, and tag @NHTSAgov.

Source: NHTSA







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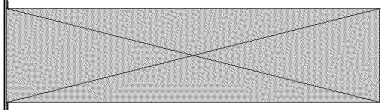

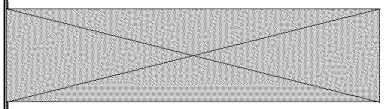

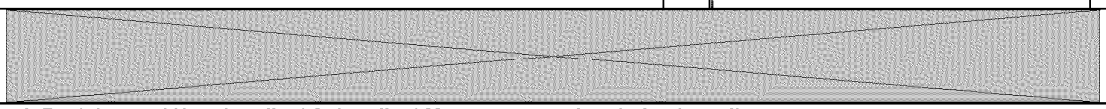

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March 6, 2017

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NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era'

EPA Expected to Revisit Rules on 2025 MPG Targets

The EPA is expected to announce next week it will reopen a review of 2022-25 vehicle emissions requirements after

Quotable

"This is a price increase, and the consumer will bear an awful lot of the burden."

-- Michigan State University professor of economics Charles Ballard, commenting on proposals for a border tax, *Detroit Free Press*, March 4

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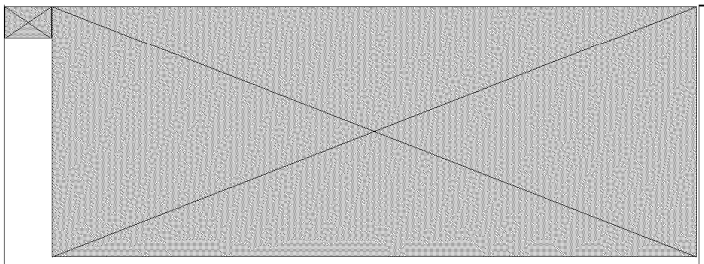

With the new administration underway, leaders representing new-car dealerships and auto manufacturers will assess the regulatory environment going forward and discuss how several Republican policy objectives – including tax reform and infrastructure investment – will impact the automotive manufacturing and retail sectors.

The panelists are Peter Welch, president and CEO of the National Automobile Dealers Association; Mitch Bainwol, president of CEO of the Alliance of Automobile Manufacturers; and John Bozzella, president and CEO of Global Automakers. Mike Allen, co-founder and executive editor of *Axios*, and a co-founder of *POLITICO*, will moderate the panel discussion.

The discussion is among several speaker and panel sessions scheduled at the 2017 Automotive Forum in New York City on Tuesday, April 11.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York.

Registration is open. For the full agenda or to register, visit **www.autoforumny.com**. Forum attendees receive exclusive access to the auto show during press days.
Source: NADA

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automakers urged the Trump administration to reverse a decision under former President Barack Obama, a source said on Friday. Last week, trade groups representing General Motors Co., Toyota Motor Corp., Volkswagen AG, Ford Motor Co., Honda Motor Co. and others formally asked new EPA Administrator Scott Pruitt to withdraw an Obama administration decision to lock in vehicle emissions rules through 2025.
Source: Reuters/Automotive News

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An Import Tax Could Raise Car Prices by Thousands

Proposals for a border tax to pay for a wall with Mexico and encourage increased manufacturing in the U.S. would add hundreds to thousands of dollars to the cost of every car and truck sold here, including those assembled in American factories. There's even a risk the tax could raise prices and

reduce sales so much that the U.S. loses manufacturing jobs, according to the Motor Equipment Manufacturers Association, the umbrella group for several supplier associations representing 1,000 companies. Analysts, associations and experts say the tax could add $2,000 to $2,500 to the average cost of a vehicle sold in the U.S.

The supply chain for parts and vehicles made in the U.S., Canada and Mexico is among the most closely integrated in the world. Some raw materials components cross borders many times in the manufacturing process, potentially being taxed repeatedly before a finished vehicle ships to the dealership, said David Andrea, vice president for research at the Center for Automotive Research.

"Companies that rely on global supply chains would face huge business challenges caused by increased taxes and increased cost of goods, which would, in turn, likely result in reductions in employment, reduced capital investments and higher prices for consumers," Mark Scarpelli, chairman of the National Auto Dealers Association, wrote in a letter to the House Ways and Means committee. NADA represents 16,500 auto dealers from all brands.
Source: Detroit Free Press

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Mexico Official: NAFTA Must Be Win-Win-Win

It's time to renegotiate the North American Free Trade Agreement so that all three countries in it benefit, Mexico's economy minister said. "NAFTA is a 23 year-old agreement," Ildefonso Guajardo Villarreal, Mexico's Secretary of the Economy, told the Detroit Economic Club on Friday at the MotorCity Casino Hotel. "When we were negotiating it, we didn't have cellphones, e-commerce didn't exist. We need to (improve and modernize it)."
Source: The Detroit News

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Online Businesses Could Do More to Protect their Reputations and Prevent Consumers from Phishing Schemes

In a **study** released March 3, the Federal Trade Commission's Office of Technology Research and Investigation (OTech) reports that most major online businesses are using proper email authentication technology to prevent phishing emails, but few of these businesses are taking full advantage of the latest technologies to combat phishing.

Phishing is a type of online scam that targets consumers by sending them an e-mail that appears to be from a well-known source such as an internet service provider, a bank, or a mortgage company. It asks the consumer to provide personal identifying information, and then the scammer uses the information to open new accounts or invade the consumer's existing accounts.

Source: FTC

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Past Articles

Dealer Volunteers Wanted for NADA / Junior Achievement Financial Literacy Program

NADA has partnered with Junior Achievement USA to teach financial educational courses to students in grade schools and high schools. "A goal of the partnership is to get new-car dealers or dealership representatives in communities across the country to become volunteers in the program," said Michele Primm, managing partner of Cascade Auto Group in Cuyahoga Falls, Ohio, who is providing financially-focused curriculum to students in her local school district through Junior Achievement. For more information on how to become a volunteer, contact Deb Stevens at dstevens@nada.org or call 703.827.8881.

Source: NADA

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- March 3 - Mexico Economy Minister to Meet with Ford, GM in Detroit
- March 2 - U.S. Truck, SUV Sales Stay Strong in February but at a Price
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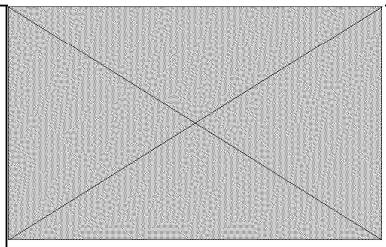
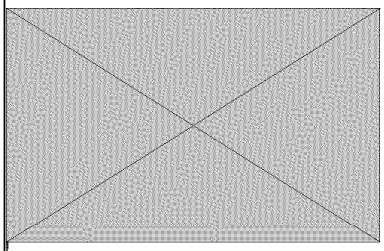
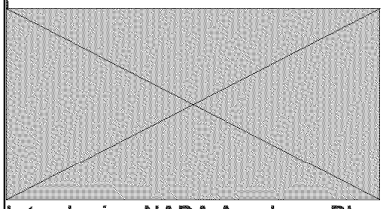
- Feb. 27 - Mexico Warns U.S. It'll Cut Off NAFTA Talks If Tariffs Proposed







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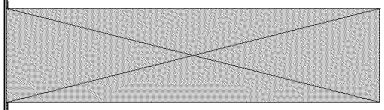

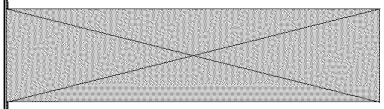

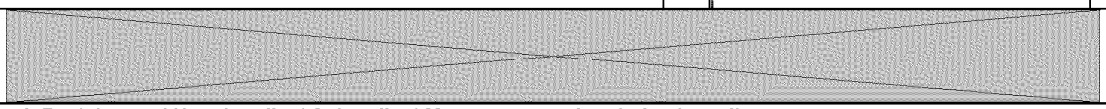

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- Vehicle Dependability Takes Hit in J.D. Power Study
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Ghosn Steps Down as Nissan CEO, Hands Reins to Saikawa as Focus Shifts

Carlos Ghosn, the long-serving chief executive who rescued Nissan Motor Co. from bankruptcy, is stepping down as CEO, having nearly finished his latest business plan and driven the Renault-Nissan Alliance to new heights with the acquisition of Mitsubishi Motors Corp.
Source: Automotive News

Quotable

"For consumers that love the brand, they think that (the buyback program is) a double win."

-- Jason Kuhn, chairman of Kuhn Automotive Group with multiple dealerships in Florida, commenting on Volkswagen's buyback program, *The Wall Street Journal*, Feb. 22

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Forecast: U.S. February Sales to Reach 16-Year High

A WardsAuto forecast calls for U.S. automakers to deliver 1.34 million light vehicles in February, a 16-year high for the month. A daily sales rate of 55,949 units over 24 days represents a 0.1% improvement from like-2016 (also 24 days). The report puts the seasonally adjusted annual rate of sales for the month at 17.70 million units, compared with year-ago's 17.60 million and January's 17.48 million mark.
Source: WardsAuto (Subscription required)

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Auto Lobby to Feds: Pump the Brakes on Mileage Rules

[The Washington, D.C.-based Alliance of Automobile Manufacturers] is pushing new U.S. Environmental Protection Agency Administrator Scott Pruitt to reverse a decision by the Obama administration to finalize stringent fuel economy rules that are estimated to add at least $2,000 to the sticker price of a vehicle. "The alliance requests that the EPA withdraw the Final Determination and resume the midterm evaluation on the original timetable, to remedy the severe procedural and substantive defects that have infected the process to date," [Auto Alliance President Mitch] Bainwol wrote to the new EPA chief.
Source: The Detroit News

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Volkswagen Buybacks Fill Showrooms; Trick Is Getting Owners to Stay

VW could experience a tailwind for the foreseeable future, as the program extends through 2018 and only about one-fifth of eligible owners have taken advantage

Volkswagen AG has bought back or terminated the leases of 125,000 diesel vehicles from owners affected by the company's emissions-cheating scheme, helping spur showroom traffic in recent months for hundreds of U.S. dealers who weathered brutal sales declines in the wake of the scandal.
Source: The Wall Street Journal (Subscription required)

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Vehicle Dependability Takes Hit in J.D. Power Study

Technology-related problems contributed to a worsening in dependability for a second consecutive year in the J.D. Power and Associates Vehicle Dependability Study. The study, which looked at problems reported in the past 12 months by owners of 2014 model-year vehicles, found an industry average of 156 problems per 100 vehicles. The previous study released in 2016 found 152 problems per 100

vehicles. As high-tech gadgetry filters down through all levels of vehicles, more problems are being registered by owners.
Source: The Detroit News

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2017-03-13 NADA Dealership Workforce Study Open for Participation

For participating in the study, dealerships will receive two complimentary reports.

With a retail workforce topping 1 million and the industry poised for growth, dealerships need to focus on hiring and keeping talented employees. The NADA Dealership Workforce Study (DWS) provides one-of-a-kind analysis of dealership pay plans and benefit packages, retention and turnover, employee benefits, work schedules and demographics. It is based on actual payroll data and questionnaire responses submitted by NADA and ATD members. **The DWS is open for participation now through April 28, 2017, at www.nadaworkforcestudy.com**.

In return for participating in the study, dealerships will receive two complimentary reports: (1) *Automotive Retail: National and Regional Trends in Compensation, Benefits and Retention* and (2) a custom report, which includes comparisons of the dealership(s) to peers nationally, regionally, by state and brand. **All data must be submitted by April 28, 2017.** To participate in the study, go to **www.nadaworkforcestudy.com** to begin. For questions, email WorkforceStudy@nada.org.
Source: NADA Dealership Operations

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- Feb. 17 - GM Expands Diesels in U.S. to Meet Fuel Economy Targets
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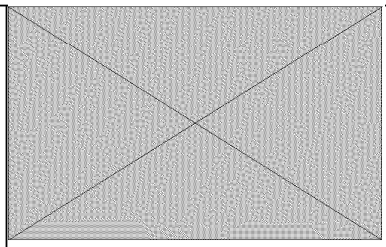

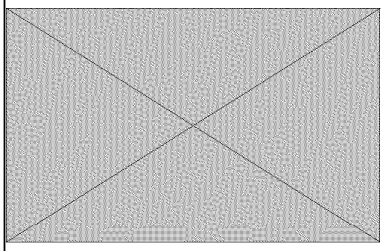

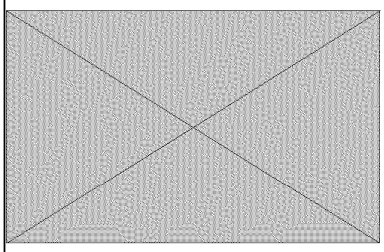

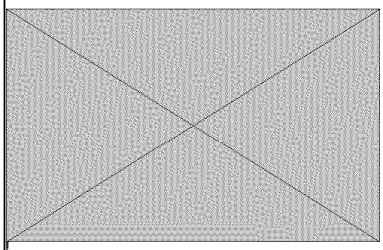

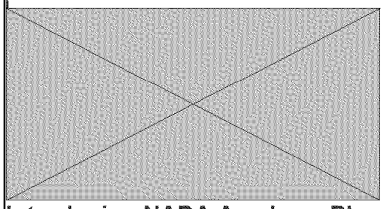

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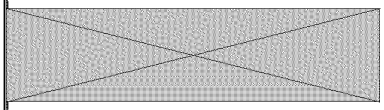

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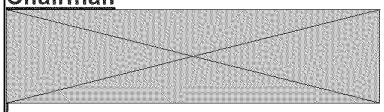

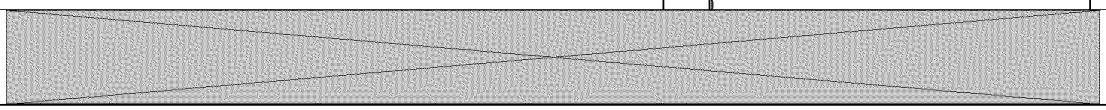

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Automakers Urge New EPA Chief to Withdraw Obama Car Fuel-Efficiency Rules

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Automakers Urge New EPA Chief to Withdraw Obama Car Fuel-Efficiency Rules

A trade association representing General Motors Co., Toyota Motor Corp., Volkswagen AG and nine other automakers on Tuesday asked new Environmental Protection Agency chief Scott Pruitt to withdraw an Obama administration decision to lock in vehicle emission rules through 2025. On Jan. 13, then-EPA Administrator Gina McCarthy finalized a determination that landmark fuel efficiency rules instituted by President Barack Obama should be finalized through 2025, a bid to

Quotable

The decision was "the product of egregious procedural and substantive defects" and is "riddled with indefensible assumptions, inadequate analysis and a failure to engage with contrary evidence."

-- Mitch Bainwol, president and chief executive of the Alliance of Automobile Manufacturers, in a letter asking new EPA chief Scott Pruitt to withdraw an Obama administration decision to lock in vehicle emission rules through 2025, Reuters, Feb. 21

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maintain a key part of his administration's climate legacy.

Mitch Bainwol, president and chief executive of the Alliance of Automobile Manufacturers, said in a letter to Pruitt the decision was "the product of egregious procedural and substantive defects" and is "riddled with indefensible assumptions, inadequate analysis and a failure to engage with contrary evidence." Automakers have argued that the rules could result in the loss of up to 1 million jobs because consumers could be less willing to buy the more fuel efficient vehicles since their engineering will result in higher price tags.

The EPA had until April 2018 to decide whether the 2025 standards were feasible but in November moved up its decision to Jan. 13, just before Obama left office. Separately, the Association of Global Automakers, a trade group representing Honda Motor Co., Nissan Motor Co Ltd., Hyundai Motor Co. and others, said late Tuesday it had formally petitioned the EPA to withdraw the determination. The group argued in a separate letter to Pruitt Tuesday reviewed by Reuters that "EPA opted for political expediency" and "jammed through a final determination in the waning days of the lame-duck administration."
Source: Reuters

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Lexus Most Dependable Brand for 6th Straight Year, J.D. Power Says

Mercedes, Hyundai, BMW, Jaguar join Top 10; GMC, Acura, Ram and Lincoln fall from Top 10

Lexus and Porsche are the most dependable brands after three years of vehicle ownership, while Toyota leads non-premium labels, according to a J.D. Power study. It is the sixth consecutive year that Lexus topped J.D. Power's annual U.S. Vehicle Dependability Study, released Wednesday. The streak puts Lexus halfway to tying its record of 12 consecutive titles for most dependable brand between from 1997 to 2008. Toyota, Buick and Mercedes-Benz rounded out the top five brands overall. Mercedes, Hyundai (No. 6), BMW (No. 7) and Jaguar (No. 10) were newcomers to the Top 10 this year, while GMC, Acura, Ram and Lincoln dropped out.
Source: Automotive News

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AutoNation Puts Service and Parts at the Center of Its New Branding Campaign

AutoNation Inc. is spending big to win back its car and truck buyers who have defected to aftermarket service and parts competitors -- or to keep them from straying in the first place. It intends to hold onto these customers for life. "We aim to deal with every need our customers have," Bill Berman, AutoNation's president, told Fixed Ops Journal during an interview at the company's headquarters here."Whether it's

an oil change or selling parts, we don't want to lose any customer to an independent."
Source: Fixed Ops Journal (Automotive News)

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Ford Wants Your New Car to Pick a Song - or Tell a Joke

Ford wants the self-driving cars of the future to be better listeners and observers: It's aiming to build vehicles that pick up on the smallest changes in drivers' vocal inflections and facial expressions, and adapt the drive accordingly. The company is partnering with a German technology university to create advanced in-car microphone and camera systems.
Source: The Detroit News

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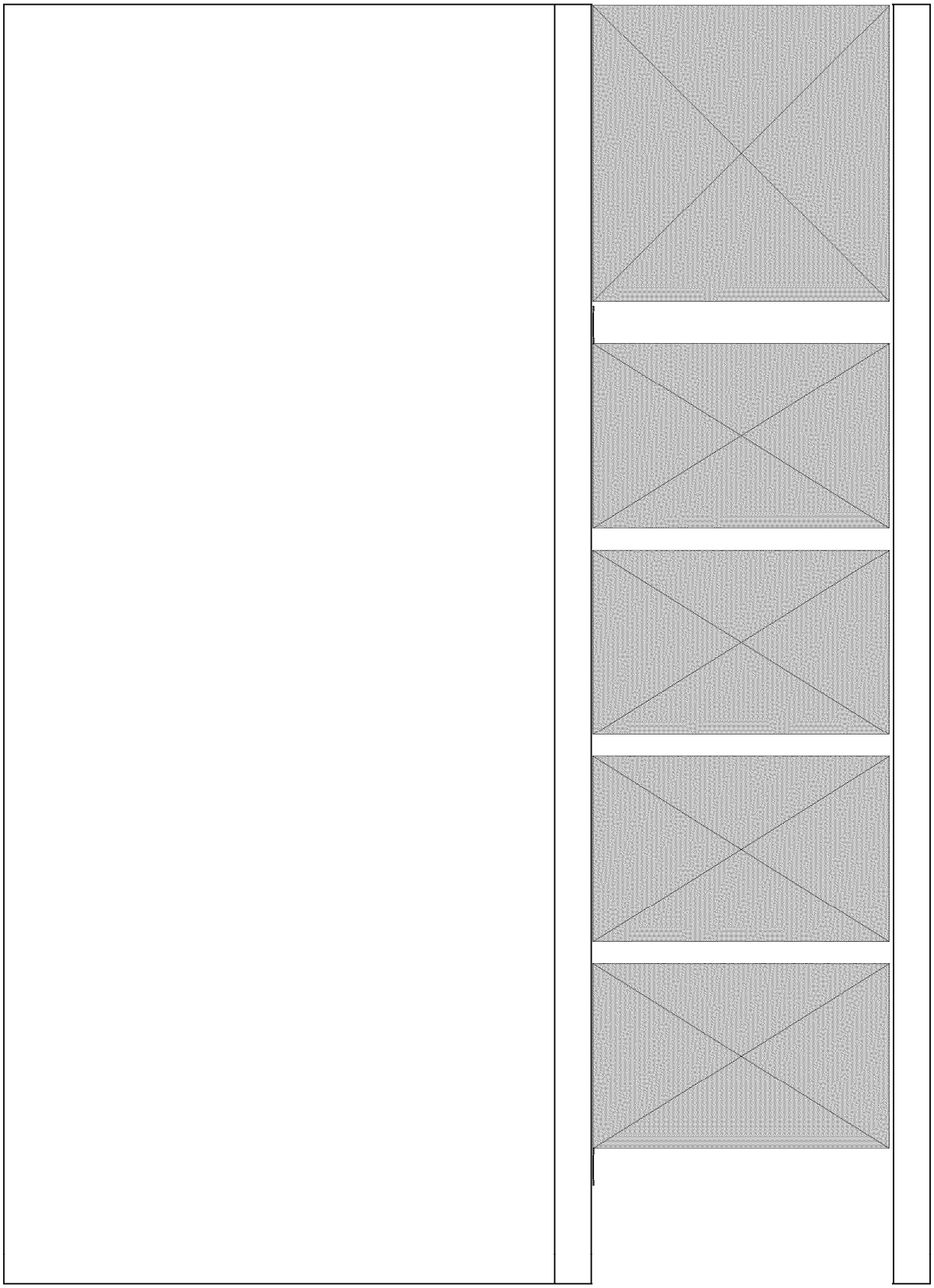
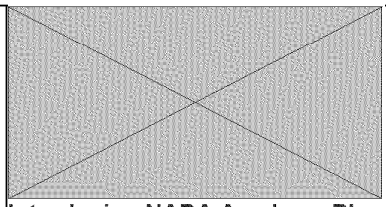
- Feb. 14 - 2017 NADA Dealership Workforce Study Open for Participation





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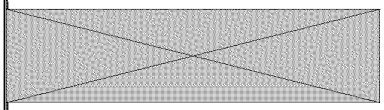
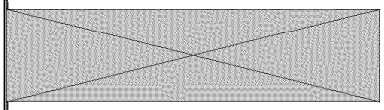
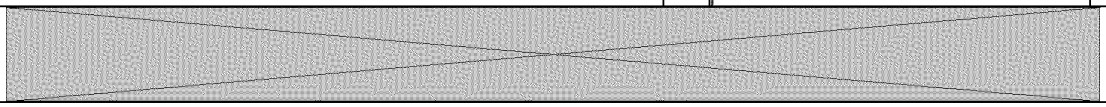


The Year at a Glance: A Final Message From Your 2016 Chairman





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To: Charmley, William[charmley.william@epa.gov]
Cc: Olechiw, Michael[olechiw.michael@epa.gov]
From: Chris Nevers
Sent: Wed 2/22/2017 1:35:26 PM
Subject: Alliance Letter to Administrator Pruitt
Letter to EPA Admin_Pruitt Feb_21 2016 Signed.pdf

Good Morning Bill,

I realize you are out of the office, so I left a voicemail and copied Mike Olechiw on this email.

You have probably already seen the letter sent from the Alliance to Administrator Pruitt. If you haven't read it yet, the letter basically reiterates Industry's request that the Final Determination be withdrawn and the EPA resume the Midterm Evaluation process with NHTSA.

I am available for any questions or if you would just like to talk.

Best Regards,

Chris Nevers

Vice President, Energy and Environment

Alliance of Automobile Manufacturers

248-794-5002

To: Pruitt, Scott[Pruitt.Scott@epa.gov]; pruitt.gscott@epa.gov[pruitt.gscott@epa.gov]
Cc: John Bozzella[jbozzella@globalautomakers.org]; secretaryscheduler@dot.gov[secretaryscheduler@dot.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]; Olechiw, Michael[olechiw.michael@epa.gov]; Rebecca S. Yoon[rebecca.yoon@dot.gov]; James Tamm[james.tamm@dot.gov]; Kevin.Green@dot.gov[Kevin.Green@dot.gov]; Alberto.Ayala@arb.ca.gov[Alberto.Ayala@arb.ca.gov]; Ellen Gleberman[egleberman@globalautomakers.org]; Charles Haake[chaake@globalautomakers.org]; Annemarie Pender[apender@globalautomakers.org]
From: Julia Rege
Sent: Tue 2/21/2017 8:18:34 PM
Subject: Request to Withdraw Final Determination Re. MY 2022-2025 GHG Standards
Request to Withdraw Final Determination.pdf

Dear Administrator Pruitt:

On behalf of John Bozzella, President and CEO of Global Automakers, I am sending you the attached correspondence related to the EPA's Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation, which was announced by the Agency on January 13, 2017. A hard copy of this letter has been sent to your office via FedEx as well.

We welcome the opportunity to further discuss this matter with you at your earliest convenience.

Sincerely, Julia

Julia M. Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

1050 K Street, NW, Suite 650

Washington, DC 20001

202.650.5559 (direct)

202.650.5555 (main)

jrege@globalautomakers.org

GlobalAutomakers

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To: Pruitt, Scott[Pruitt.Scott@epa.gov]; pruitt.gscott@epa.gov[pruitt.gscott@epa.gov]
Cc: marianne.mcinerney@dot.gov[marianne.mcinerney@dot.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]; Olechiw, Michael[olechiw.michael@epa.gov]; Kevin.Green@dot.gov[Kevin.Green@dot.gov]; james.tamm@dot.gov[james.tamm@dot.gov]; rebecca.yoon@dot.gov[rebecca.yoon@dot.gov]; annette.hebert@arb.ca.gov[annette.hebert@arb.ca.gov]; michael.mccarthy@arb.ca.gov[michael.mccarthy@arb.ca.gov]; Chris Nevers[CNevers@autoalliance.org]; David Schwietert[DSchwietert@autoalliance.org]; Gloria Bergquist[GBERGQUIST@autoalliance.org]; John Whatley[JWhatley@autoalliance.org]
From: Susan Conti
Sent: Tue 2/21/2017 6:02:29 PM
Subject: URGENT Letter from Alliance of Automobile Manufacturers to EPA Administrator G. Scott Pruitt
Letter to EPA Admin. Pruitt Feb. 21, 2016 Signed.pdf

Dear Administrator Pruitt:

The attached letter, on behalf of the Alliance of Automobile Manufacturers, requests that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the *Federal Register*.

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue. Please contact me at your earliest convenience to discuss this matter further. Thank you.

Mitch Bainwol

President and CEO

To: Charmley, William[charmley.william@epa.gov]
From: NADA Headlines
Sent: Fri 2/17/2017 4:00:59 PM
Subject: GM Expands Diesels in U.S. to Meet Fuel Economy Targets

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February 17, 2017

Inside this issue

GM Expands Diesels in U.S. to Meet Fuel Economy Targets

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Top Stories

GM Expands Diesels in U.S. to Meet Fuel Economy Targets

General Motors Co. is expanding its diesel lineup to 10 Chevrolet and GMC vehicles by the 2018 model year. It says the clean-diesel powertrains will help it meet carbon dioxide

Quotable

"The outlook for diesel in the U.S.A. is actually promising."

-- Dan Nicholson, GM's vice president of global propulsion systems, *The Detroit News*, Feb. 16

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emissions levels and fuel economy requirements. Automakers are pressed to meet federal fuel economy mandates that call for corporate average fuel economy of 54.5 miles per gallon by 2025.
Source: The Detroit News

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CPO Share of Franchised Used at Record High; Room to Grow?

A record 22.8 percent of franchised dealers' used-car sales last year were certified pre-owned vehicles, according to an Edmunds report, and there were also a record 2.6 million CPO cars sold last year. But where do certified sales go from here? That's not quite certain at this point, although signs would suggest there's potential for growth.
Source: Auto Remarketing

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FTC: Background Checks? Don't Double-Dip

Need to verify a credit applicant's employment or income history? Checking to see if a candidate has a criminal history or civil judgments? If you get information from a company that compiles it so you can make eligibility determinations, you must comply with the Fair Credit Reporting Act (FCRA). That means no double-dipping. If you get a consumer report for one purpose, don't use it for a different purpose. The FCRA applies when you use consumer reports to determine things like eligibility or pricing for credit, insurance, or housing; eligibility for employment, and for other purposes.
Source: FTC

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U.S. Electric Vehicle Sales Soared in 2016

Final numbers for electric vehicle (EV) sales in the U.S. were recently released for January. The 70% year-over-year increase in monthly sales continued the strong momentum from 2016. Following a 5% decline in sales from 2014 to 2015, U.S. EV sales jumped by 37% in 2016. By year-end there were about 30 different EV offerings, with total sales of 159,139 vehicles.
Source: Forbes.com

Editor's note: *According to WardsAuto, the top selling EVs and plug-in hybrids in 2016 included: Tesla Model S: 26,605; Chevrolet Volt: 24,739; Ford Fusion Energi: 15,938; Tesla Model X: 15,549; and Nissan Leaf: 14,006.*

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Auto Workers Union Preparing 'Buy American' Ad Campaign

The United Auto Workers union is preparing an ad campaign that urges consumers to buy U.S.-made cars and trucks as it tries to tap into President Donald Trump's efforts to rebuild the country's manufacturing sector. President Dennis

Williams said the ads could be similar to 1970s garment workers campaign with a catchy jingle that told people to look for a union label on clothing. Williams told reporters Thursday that the union wants to take advantage of what it sees as a movement in the U.S. to bring back manufacturing jobs lost to cheaper-labor countries such as Mexico.
Source: The Associated Press

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2017 NADA Dealership Workforce Study Open for Participation

For participating in the study, dealerships will receive two complimentary reports.

With a retail workforce topping 1 million and the industry poised for growth, dealerships need to focus on hiring and keeping talented employees. The NADA Dealership Workforce Study (DWS) provides one-of-a-kind analysis of dealership pay plans and benefit packages, retention and turnover, employee benefits, work schedules and demographics. It is based on actual payroll data and questionnaire responses submitted by NADA and ATD members. **The DWS is open for participation now through April 28, 2017, at www.nadaworkforcestudy.com**.

In return for participating in the study, dealerships will receive two complimentary reports: (1) *Automotive Retail: National and Regional Trends in Compensation, Benefits and Retention* and (2) a custom report, which includes comparisons of the dealership(s) to peers nationally, regionally, by state and brand. **All data must be submitted by April 28, 2017.** To participate in the study, go to **www.nadaworkforcestudy.com** to begin. For questions, email WorkforceStudy@nada.org.
Source: NADA Dealership Operations

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'Vibes about Giving Back': Mixing Purpose and Profit at a Louisiana Dealership Group

Louisiana-based dealer Troy Duhon thinks doing good is good for business. His 22 dealerships funnel $25 from each sold vehicle back to local communities, and employees get paid days off for volunteer work. While such efforts have blossomed into a global foundation, they've also helped create loyal employees and customers, leading to a more profitable dealership group.
Source: Automotive News TV

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- Feb. 15 - Industry Chiefs to Trump: Give Us Clarity, Stability
- Feb. 14 - 2017 NADA Dealership Workforce Study Open for Participation
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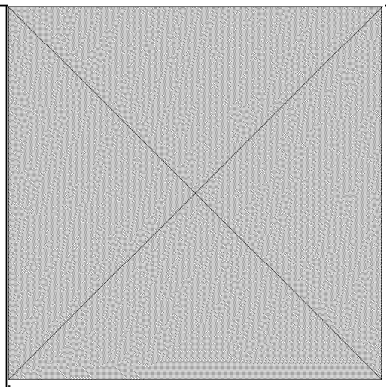
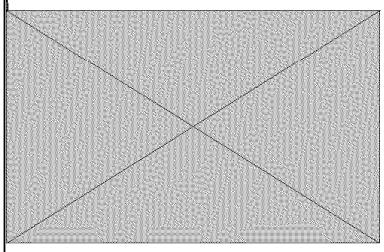
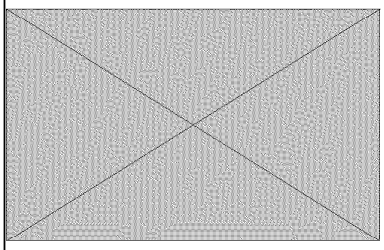
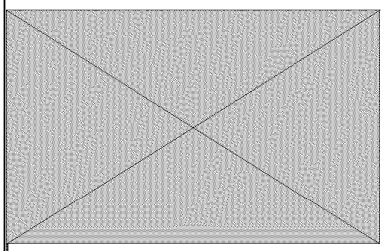
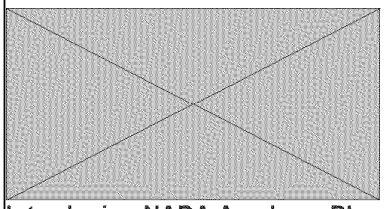
- Feb. 10 - Mexican Tariff Could Hit Lower-Income Car Buyers











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202.326.5500 | www.autoalliance.org

February 21, 2017

G. Scott Pruitt
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Mail Code 1101A
Washington, D.C. 20460

RE: Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation

Dear Administrator Pruitt,

I write on behalf of the Alliance of Automobile Manufacturers (Alliance), an association representing twelve leading manufacturers of cars and light trucks,[1] to request that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the *Federal Register*.

For the auto industry, the Final Determination may be the single most important decision that EPA has made in recent history. The Alliance requests that EPA withdraw the Final Determination and resume the Midterm Evaluation, in accordance with its original timetable, to remedy the severe procedural and substantive defects that have infected the process to date. We explain, in more detail below, EPA's authority to withdraw the Final Determination and why that withdrawal is appropriate and essential.

1. EPA Should Exercise Its Authority to Withdraw the Final Determination

As you know, on January 20, the White House issued a memorandum to the heads of all executive departments and agencies instituting a freeze on regulatory activity, pending review by the Office of Management and Budget (OMB) Director.[2] The Alliance urges EPA to withdraw the Final Determination on its own initiative in accordance with the regulatory freeze. Irrespective of whether EPA considers the Final Determination a rule or an adjudication, the Final Determination should be reviewed

[1] Alliance members are BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America, and Volvo Car USA.

[2] *See* Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017, https://www.whitehouse.gov/the-press-office/2017/01/20/memorandum-heads-executive-departments-and-agencies.

and withdrawn. As the Alliance has noted, a wealth of precedents confirm that the Final Determination is a rule, and all rules not yet published in the *Federal Register* are subject to the regulatory freeze.[3] Even if EPA continues to construe the Final Determination as an adjudication, however, it is still subject to the regulatory freeze as an "agency statement of general applicability and future effect 'that sets forth a policy on a statutory, regulatory, or technical issue or an interpretation of a statutory or regulatory issue.'" The Final Determination reaffirms and reinstates industry-wide greenhouse gas emissions standards for all light vehicles sold in America for MY 2022-2025, and thereby establishes a policy on a regulatory issue of central importance to the auto industry.

Furthermore, EPA has ample authority to withdraw the Final Determination on its own initiative, irrespective of whether EPA considers it a rule or an adjudication. If the Final Determination is a rule, it is clearly a nonfinal one, because it has not been published in the *Federal Register*. *See* 5 U.S.C. § 553(d); *Kennecott Utah Copper Corp. v. U.S. Dep't of Interior*, 88 F.3d 1191, 1209 (D.C. Cir. 1996). And, as a nonfinal rule, EPA can readily withdraw the Final Determination without engaging in notice-and-comment rulemaking. *Kennecott,* 88 F.3d at 1206.

Even if EPA continues to endorse the view that the Final Determination is an adjudication, however, EPA has broad inherent power to reconsider its decision "within the period available for taking an appeal." *Am. Methyl Corp. v. EPA*, 749 F.2d 826, 835 (D.C. Cir. 1984). Agencies have long exercised this power to fix determinations like this one that suffer from "serious procedural and substantive deficiencies." *Belville Min. Co. v. United States*, 999 F.2d 989, 998 (6th Cir. 1993). Regardless of how EPA classifies the Final Determination, EPA should promptly withdraw it in light of the many procedural and substantive flaws described below.

2. <u>EPA Has Abrogated Its Commitment to a Robust Midterm Evaluation</u>

As the Supreme Court has recognized, EPA's regulatory efforts to address greenhouse gases have already produced "the single largest expansion in the scope of the [Clean Air Act] in its history."[4] In 2009, EPA issued an Endangerment Finding that motor vehicle greenhouse gas emissions contribute to climate change and thereby threaten public health and welfare. Thereafter, EPA and the National Highway Traffic Safety Administration (NHTSA) began jointly setting greenhouse gas emissions and fuel economy standards for new light-duty motor vehicles, starting with Model Year (MY) 2012-2016. Then, in 2012, EPA and NHTSA took the unprecedented step of

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[3] *See* Alliance Comments on Proposed Determination on Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11-13, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827; Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017.

[4] *Utility Air Regulatory Group v. EPA*, 134 S. Ct. 2427, 2436 (2014) (internal quotation marks omitted).

setting joint greenhouse gas and fuel economy standards over a decade in advance for MY 2022-2025 vehicles. 77 Fed. Reg. 62,628 (Oct. 15, 2012). No agency ever had set emissions standards so far into the future, and all stakeholders understood that no one could accurately project the circumstances affecting the technological and economic feasibility of these standards.

The Alliance supported these efforts—but only on the condition that EPA and NHTSA would reassess standards as data became available to test their feasibility. That commitment was essential because of the great uncertainty regarding the feasibility of the future standards. Based on the projections in the 2012 rule, manufacturers must achieve an average 54.5 miles per gallon equivalent across their new vehicle fleets by 2025. Even today, no conventional vehicle today meets that target, and conventional vehicles comprise 96.5% of the new light-duty vehicle fleet. Only some non-conventional vehicles (i.e., hybrid, plug-in electric, and fuel-cell vehicles), which comprise fewer than 3.5% of today's new vehicles, currently can do so.[5] Even under EPA's optimistic estimates, the automotive industry will have to spend a staggering $200 billion between 2012 and 2025 to comply, making these standards many times more expensive than the Clean Power Plan.[6]

EPA and NHTSA committed to a robust Midterm Evaluation that would take a fresh look at these standards by April 2018. The agencies promised that this review would be collaborative, so that the industry could offer the agencies real-life data to adjust their model-driven forecasts. The agencies also committed to developing greenhouse gas emissions standards and fuel economy standards in tandem.[7] And they repeatedly represented that they would not complete the Proposed Determination/Notice of Proposed Rulemaking until mid-2017 at the earliest.[8] The industry took the agencies at their word, commissioning complex studies critical to assessing the MY 2022-2025 standards and the processes used by EPA in its analysis, that we had expected to add to the administrative record for the Midterm Evaluation in 2017.

On November 30, 2016, EPA abruptly abrogated these commitments. EPA issued a Proposed Determination that the MY 2022-2025 standards should go into force

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[5] "Light-Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 through 2016," at 118. U.S. Environmental Protection Agency. EPA-420-R-16-010, Nov. 2016.

[6] *See* EPA Regulatory Impact Analysis for 2012-2016 rule (EPA-420-R-10-009, Apr. 2010) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2012-2016-light-duty-vehicle; EPA Regulatory Impact Analysis for 2017-2025 rule (EPA-420-R-12-016, Aug. 2012) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2017-and-later-light-duty-vehicle.

[7] *See* 40 C.F.R. § 86.1818-12(h), 77 Fed. Reg. 62,784 (Oct. 15, 2012), 40 C.F.R. § 86.1818-12(h)(1) -(2); 81 Fed. Reg. 49,219 (July 27, 2016).

[8] *See* Alliance Comments on Proposed Determination at 10, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

without modification. EPA issued the Proposed Determination without coordinating with NHTSA. EPA demanded comments by December 30, 2016, even though the Proposed Determination was not published in the *Federal Register* until December 6. The public and industry had a mere 24 days, spanning a major national holiday, to comment on nearly 1,000 pages of documents, plus additional cited documents and computer modeling, regarding requirements that will profoundly affect the automobile industry and the more than 900,000 American workers it directly employs.[9] After EPA denied requests by various stakeholders to extend the abbreviated comment period, we did our best to file substantive comments. EPA received more than 100,000 public comments, including 63 sets of comments from various organizations spanning hundreds of pages.[10] Many objected that the comment period was inadequate. EPA denied all requests to extend the abbreviated comment period and yet EPA issued the Final Determination on January 13, 2017, just 14 days after the comment period closed. EPA brushed aside objections to its procedural shortcuts and never justified the need for such an abbreviated comment period. EPA also rejected commenters' substantive and technical concerns by resting on its earlier analysis.

3. EPA Should Withdraw the Final Determination Immediately

The Final Determination is the product of egregious procedural and substantive defects and EPA should withdraw it.[11] In EPA's rush to promulgate the Final Determination before the new administration took office, EPA bypassed required procedures, failing for instance to provide an adequate period for meaningful notice and comment. The Final Determination asserts that there was no need for more time because the Proposed Determination did not include much new material. But that contention is belied by EPA's acknowledgement that the Proposed Determination adjusted a number of EPA assumptions in response to commenters who pointed out errors at earlier stages. The industry also had an unacceptably short period to try to ascertain why EPA rejected many of its objections.[12] These procedural defects are significant irrespective of whether the Final Determination constitutes rulemaking or adjudication.

EPA's unilateral announcement of its Final Determination also constitutes a failure to harmonize its greenhouse gas emissions standards with NHTSA's fuel-economy standards, contrary to the letter and intent of EPA's own regulations. NHTSA has not yet reached a determination on its fuel economy standards and continues its

[9] U.S. Department of Labor, Bureau of Labor Statistics, 2015, U.S. Vehicle and Equipment Manufacturing Employment equaled 909,700 people.

[10] Final Determination, Response to Comments at 1-3.

[11] *See* Alliance Comments on Proposed Determination, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

[12] *See* Final Determination, Response to Comments at 7.

Midterm Evaluation rulemaking activities. EPA's failure to act in coordination with NHTSA also casts serious doubt on the legitimacy of EPA's data and conclusions, given the substantial discrepancies between EPA's and NHTSA's analysis of the technologies and costs associated with the MY 2022-2025 standards.[13]

Furthermore, EPA's Final Determination that the MY 2022-2025 greenhouse gas standards should remain unchanged, is riddled with indefensible assumptions, inadequate analysis, and a failure to engage with contrary evidence. Here are just a few examples:

- EPA estimated that these standards will cost the industry at least $200 billion. But EPA underestimated the burden. Contrary to EPA's assumptions, manufacturers will have to rely on much more expensive electrified technologies (i.e., hybrids and plug-ins), driving up vehicle prices and depressing auto sales.

- EPA refused to conduct an analysis of consumer acceptance and technology affordability needed for compliance, claiming this was too difficult.

- EPA refused to analyze substantively the economic impact of the MY 2022-2025 standards, instead making cursory assertions that downplayed the impact of its mandate on auto sales and employment.

- EPA refused to consider many of the Alliance's technical concerns even when supported by an outside consultant[14], asserted the Alliance provided insufficient data, and then refused further meetings for clarification.

4. Studies and Data Highly Relevant to the Midterm Evaluation Have Not Been Submitted to EPA Because They Still Are Pending

It is particularly critical that EPA withdraw the current Final Determination and reopen the Midterm Evaluation process because analysis commissioned according to EPA's original timetable is ongoing and the Alliance expects that new information relevant to the Final Determination's underlying assumptions and resulting analysis will soon emerge. EPA's rushed timetable, coupled with its about-face on the timing of the Midterm Evaluation, prevented consideration of this information.

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[13] *See* Alliance Comments on US EPA, US DOT, California's Air Resources Board Draft Technical Assessment Report of Greenhouse Gas Emissions and Fuel Economy Standards for Model Year 2022-2025 Cars and Light Trucks at ES-9, Sept. 26, 2016, Docket ID No. EPA-HQ-OAR-2015-0827, NHTSA's costs are approximately 42% higher than EPA's (NHTSA Table ES-2 v. EPA ES-4 Table ES-1).

[14] *See* Novation Analytics Comments on Draft Technical Assessment, Sept. 26, 2016; Docket ID No. EPA-HQ-OAR-2015-0827.

We urge EPA to reconsider imposing such a far-reaching mandate on an entire industry without adequately considering the consequences, and without giving stakeholders a meaningful opportunity to comment. The MY 2022-2025 standards threaten to depress an industry that can ill afford spiraling regulatory costs. If left unchanged, those standards could cause up to *1.1 million* Americans to lose jobs due to lost vehicle sales.[15] And low-income households would be hit the hardest.[16]

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue about ways to rekindle the industry's longstanding cooperation with EPA on these issues.

Sincerely,

Mitch Bainwol
President and CEO

Cc: Secretary Elaine Chao, DOT
Kevin Green, DOT
Bill Charmley, EPA
Chris Grundler, EPA
Michael Olechiw EPA
Rebecca Yoon, NHTSA
James Tamm, NHTSA
Mike McCarthy, CARB
Annette Hebert, CARB

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[15] McAlinden, Sean, et al., *The Potential Effects of the 2017-2025 EPA/NHTSA GHG/Fuel Economy Mandates on the U.S. Economy*, Center for Automotive Research (Sep. 2016) at 49. Referring to the $3.00 per gallon gasoline price $6,000 technology cost scenario.

[16] Walton, Tom, et al., *The Impact of Future Fuel Economy Standards on Low Income Households*, Defour Group LLC (Sep. 2016); Walton, Tom, et al., *Defour Group Response to EPA Rejoinders to Defour Group / Alliance of Automobile Manufacturers Submission Regarding the Regressivity/Affordability of EPA's Proposed Fuel Economy Standards*, (Dec. 2016).

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February 21, 2017

Scott Pruitt
Administrator
Environmental Protection Agency
Office of the Administrator 1101A
1200 Pennsylvania Avenue, N.W.
Washington DC 20460

Attention: Docket ID No. EPA-HQ-OAR-2015-0827

RE: Petition for Reconsideration and Request to Withdraw Final Determination on the Appropriateness of the Model Year 2022-2025 Light-duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (January 12, 2017)

Dear Administrator Pruitt:

The Association of Global Automakers, Inc. (Global Automakers)[1] respectfully petitions the United States Environmental Protection Agency (EPA) to reconsider its final Determination on the Appropriateness of the Model Year 2022-2025 Light-duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (the "Determination"),and requests that the Determination be withdrawn. As explained below, EPA's premature Determination suffers from a multitude of procedural and substantive flaws. Most importantly, it is inconsistent with the coordinated process to which EPA committed in 2012 to ensure the development of "One National Program" to regulate fuel economy and greenhouse gas (GHG) emissions in coordination with the National Highway Traffic Safety Administration (NHTSA). Consequently, we are requesting that EPA withdraw the Determination and reopen the record so that EPA's rulemaking concerning GHG emission standards for model years (MY) 2022-2025 can be aligned with fuel economy rulemaking currently underway at NHTSA for those years.

[1] The Association of Global Automakers represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Our member companies have invested $56 billion in U.S.-based facilities, directly employ nearly 100,000 Americans, and sell 47 percent of all new vehicles purchased annually in the country. Combined, our members operate more than 300 production, design, R&D, sales, finance and other facilities across the United States. Working with industry leaders, legislators, and regulators in the United States, Global Automakers aims to create public policies that improve motor vehicle safety, encourage technological innovation, and protect our planet. Our goal is to foster an open and competitive automotive marketplace that encourages investment, job growth, and development of vehicles that can enhance Americans' quality of life. For more information, please visit www.globalautomakers.org.

Association of Global Automakers, Inc. 1050 K Street, NW, Suite 650 • Washington, DC 20001 TEL 202.650.5555 GLOBALAUTOMAKERS.ORG

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A. Background

On January 12, 2017—just one week before the end of the previous administration—EPA published its final Determination concerning whether the GHG emissions standards currently on the books for MY 2022-2025 remain appropriate. This Determination was part of a "Midterm Evaluation" of those standards, a key protective mechanism that was included, at the insistence of the auto industry as a condition of its support of these regulations, in the 2012 joint EPA and NHTSA rule setting fuel economy and GHG emission standards covering MY 2017 through 2025.[2] Given that NHTSA is statutorily prevented from promulgating fuel economy standards governing more than a five-year period, and that the EPA standards were being set more than ten years into the future, having an objective and data-driven Midterm Evaluation is necessary to ensure that the future standards are feasible, cost-effective, and achieve the goals of the two relevant statutes under the One National Program.

Throughout the process of the Midterm Evaluation, both EPA and NHTSA made several commitments to the stakeholders. First, the agencies promised to remain aligned from both a procedural and substantive standpoint.[3] As was the case with the 2012 rulemaking, during the Midterm Evaluation the agencies were to jointly issue a proposed rulemaking/determination and a final rulemaking/ determination. This was necessary to ensure that One National Program is maintained and to protect manufacturers from having to comply with multiple inconsistent standards.

Second, EPA and NHTSA consistently stated that the final NHTSA rule and EPA determination were expected by April 1, 2018,[4] with a proposed rule and a proposed determination expected in the summer of 2017.[5] This timeline would allow the agencies to account for the most up-to-date and robust information concerning the light-duty fleet and the costs and effectiveness of the technologies needed to meet the standards. In developing information for the record, in allocating scarce automotive engineering

[2] *See* 2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards, 77 Fed. Reg. 62,624 (Oct. 15, 2012). The State of California has its own GHG emission standards for light duty vehicles, but has amended its regulations to include a "deemed-to-comply" provision whereby automakers could show compliance with its state GHG emission standards by complying with EPA GHG regulations. Together, the California regulations and the EPA/NHTSA standards are referred to as the "One National Program."

[3] *See* 77 Fed. Reg. at 62,633 (stating that EPA and NHTSA will act jointly in their proposed and final rulemaking in the Midterm Evaluation "[i]n order to align the agencies' proceedings for MYs 2022–2025 and to maintain a joint national program.")

[4] *Id.*

[5] *See* https://www.epa.gov/sites/production/files/2016-10/documents/grundler-sae-naipc-2015-09-17-presentation.pdf at 24 (indicating that the EPA Proposed Determination and NHTSA notice of proposed rulemaking would be released mid-2017 and the final determination made in April 2018).

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resources, and in the expenditure of considerable sums, the industry relied upon this schedule and these repeated representations.

Finally, both EPA and NHTSA committed to a collaborative process that would fully account for the input of all stakeholders. To achieve this, the agencies stated that they would provide periods of public comment on the draft Technical Assessment Report (TAR) that EPA and NHTSA compiled in collaboration with the California Air Resources Board (CARB), and a separate period of comment with respect to EPA's and NHTSA's proposals concerning the MY 2022-2025 standards.[6] Given that the agencies' actions on this matter would affect billions of dollars of investments on the part of automakers as well as the types of vehicles that would be made available to customers for years (if not decades) to come, it is critically important that the agencies get it right.

Despite this carefully constructed (and fully promised) process, EPA unilaterally reversed course 22 days after the Presidential Election. On November 30, 2016, EPA abruptly announced that it was abandoning its previously committed-to plan on the Midterm Evaluation and published a lengthy "Proposed Determination" concerning the appropriateness of the MY 2022-2025 GHG standards. Signaling its new intent to rush through a final Determination before the end of the Obama Administration, EPA provided stakeholders with just 30 days from the release of the Proposed Determination on EPA's website to provide comments (which was only 24 days from the date the Proposed Determination was published in the Federal Register[7]). EPA was informed by many stakeholders that this comment period was far too short for an action of this magnitude and included a holiday period when many automakers are closed. Nevertheless, EPA's Final Determination was released on January 12, 2017.

When EPA announced the Proposed Determination, it styled its action as a "proposed adjudicatory determination."[8] EPA therefore took the position that its Determination could escape both the procedural requirements of Section 307 of the Clean Air Act[9] and the rulemaking provisions of the Administrative Procedures Act (APA).[10] In the Final Determination and Response to Comment, EPA rejected the argument made by Global Automakers and many other stakeholders that the Determination amounted to a rulemaking because it is a prospective action setting agency policy.[11] Consistent with its position that the Determination is not a rulemaking, EPA has not published the Determination in the Federal Register.

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[6] 77 Fed. Reg. at 62,784.
[7] 81 Fed. Reg. 87,927 (Dec. 6, 2016).
[8] See Proposed Determination at ES-2 and 2 n.2.
[9] 42 U.S.C. § 7607(d)
[10] 5 U.S.C. § 553
[11] *See* EPA Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11, n.20.

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B. EPA Has Ample Authority to Reconsider the Determination

Regardless of whether the Final Determination is considered a rule or an adjudication, this EPA has the authority to withdraw and reconsider it. In the event that the Determination is an adjudication (as the prior EPA claimed), then the agency has inherent authority to reconsider that decision. "It is widely accepted that an agency may, on its own initiative, reconsider its interim or even its final decisions, regardless of whether the applicable statute and agency regulations expressly provide for such review."[12] This is especially true where the underlying determination has "serious procedural and substantive deficiencies."[13] Unless a statute expressly limits an agency's authority to reconsider its decisions—which is not the case here—then the agency may freely do so as long as reconsideration occurs within a reasonable time after the first decision and notice of the agency's intent to reconsider is given to the parties.[14]

In the event that the Determination did amount to a rulemaking, then it is subject to withdrawal and reconsideration for two separate and independent reasons. First, the Federal Register Act requires that all documents of "general applicability and legal effect" be published in the Federal Register.[15] The EPA Final Determination has not been published in the Federal Register in contravention of this clear requirement. Thus, under President Trump's Memorandum for the Heads of Executive Departments and Agencies; Regulatory Freeze Pending Review,[16] if viewed as a rule the Final Determination can and should be withdrawn by the new Administration.

Second, an agency has inherent power to withdraw and reconsider a rule that suffers from fatal legal and procedural flaws.[17] Adhering to the proper procedures is a fundamental prerequisite for valid rulemaking.[18] Here, the Determination is invalid as a rule because EPA did not follow any of the procedural requirements set forth in Section 307(d) of the Clean Air Act. EPA did not convene a hearing to allow interested persons to comment on the Proposed Determination, and did keep the record of the proceedings open for 30 days to provide an opportunity for interested persons to submit rebuttal and supplementary information to the

[12] *Dun & Bradstreet Corp. Found. v. United States Postal Serv.*, 946 F.2d 189, 193 (2d Cir. 1991). *See also ConocoPhillips Co. v. United States EPA*, 612 F.3d 822, 832 (5th Cir. 2010) ("Embedded in an agency's power to make a decision is its power to reconsider that decision."); *Gun South, Inc. v. Brady*, 877 F.2d 858 (11th Cir. 1989) (holding that Bureau of Alcohol, Tobacco, and Firearms had the implied authority to correct the erroneous approval of firearms import application).

[13] *Belville Mining Co. v. United States*, 999 F.2d 989, 998 (6th Cir. 1993).

[14] *Dun & Bradstreet*, 946 F.2d at 193.

[15] 44 USC 1505(a)(2).

[16] 82 Fed. Reg. 8346 (Jan. 24, 2017).

[17] *Citizens Against the Pellissippi Parkway v. Mineta*, 375 F.3d 412, 416 (6th Cir. 2004)

[18] *United States v. Utesch*, 596 F.3d 302, 312 (6th Cir. 2010) (stating that a "reviewing court must focus not merely on the ultimate rule but on the process of an administrative rulemaking; otherwise, an agency could always violate the APA's procedural requirements based on the representation that it would have adopted the same rule had the proper process been followed.")

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record.[19] Presumably, the prior EPA ignored these requirements because to follow them would have prevented the agency from finalizing the Determination before the end of the Obama Administration. But politics is not a reason for running roughshod over important procedural protections found in the Clean Air Act.

C. EPA Should Withdraw the Determination and Reopen the Rulemaking Record to Maintain the One National Program EPA Promised

EPA's Determination is a significant action by the agency that will have far-reaching ramifications for the industry and the automobile driving public. EPA readily concedes that the MY 2022-2025 standards will increase the prices of new motor vehicles by a substantial amount (according to EPA's own estimates), and will impact the types of vehicles sold in the U.S. An action of this magnitude requires a thoughtful and collaborative decision-making process. Here, however, EPA opted for political expediency instead, and jammed through a Final Determination in the waning days of the lame-duck Administration.

The EPA Determination suffers from many procedural and substantive flaws, any one of which would justify withdrawing the rule and reopening the rulemaking record. Among them are:

∂ Failure to follow EPA regulations requiring coordination with NHTSA. The Midterm Evaluation was designed so that the actions of EPA and NHTSA would be carefully coordinated every step of the way. As explained in the preamble to the 2012 rulemaking, "[i]order to align the agencies' proceedings for MYs 2022–2025 and to maintain a joint national program, if the EPA determination is that its standards will not change, NHTSA will issue its final rule concurrently with the EPA determination."[20] This requirement is codified at 40 C.F.R. § 86.1818-12(h)(1)(vii), which requires EPA's Midterm Evaluation to account for "[t]he impact of the greenhouse gas emission standards on the Corporate Average Fuel Economy standards and a national harmonized program." Without providing any justification for its doing so, EPA violated this central tenet of the Midterm Evaluation by finalizing its Determination more than a year before NHTSA's rulemaking is expected to be completed and acted contrary to its own regulations. NHTSA is currently in the middle of its rulemaking process for MY 2022-2025 fuel economy standards, and its decision will be based on more up-to-date information than EPA's. Consequently, there is a risk that NHTSA will reach a different conclusion from EPA concerning appropriate standards for MY 2022-2025. This is the antithesis of the One National Program that EPA agreed to.

∂ Needlessly accelerating the timeline for the GHG Midterm Evaluation. Prior to November 2016, EPA had repeatedly represented that it would propose its determination/rulemaking in the summer of 2017 and finalize its actions by April 2018. Based on these representations, Global Automakers and other

[19] 42 U.S.C. § 307(d)(5).
[20] 77 Fed. Reg. at 62,633.

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members of the auto industry commissioned several studies concerning the baseline light duty fleets and the technologies necessary to meet the current MY 2022-2025 standards. EPA was informed that these studies will be important for its determination but would not be complete until the promised mid-2017 timeframe. Additionally, EPA was urged to delay its actions so that it could account for the most up-to-date information concerning the technologies needed to meet the standards, their costs, and their impacts on consumers—as NHTSA is doing with its rulemaking. EPA ignored these calls and finalized its determination based on a record that was far from complete solely to rob the incoming Administration of an opportunity to have input on this important matter.

∂ Failure to provide an adequate period for public comment. The Proposed Determination and the accompanying Technical Support Document consisted of almost 1,000 pages, and cited almost 1,100 references, many of which are new or significantly revised since the earlier Draft TAR. Additionally, EPA conducted 102 new runs of the computer models it uses to assess the effectiveness of fuel saving technologies. Thirty days is an insufficient time period for stakeholders to fully review, analyze, and prepare detailed comments on an action as significant and complex as EPA's Determination– especially in light of the intervening national holidays. EPA offered no reasoned explanation as to why it was short-circuiting the comment period on such an important agency action.

∂ Failure to address the GHG emission program as a whole. In its rush to finalize its Determination, EPA answered only half the question, *i.e.*, whether the numeric standards expressed in the footprint-based curves remain appropriate. However, the GHG regulations also include program flexibilities that automakers rely on to meet the standards. These flexibilities provide incentives for the early adoption of advanced fuel-saving technologies and help manufacturers smooth out annual variability in compliance over several model years. They are an important aspect of the One National Program, and they provide real and lasting environmental benefits. EPA's failure to look at the entire program as a whole was inconsistent with the very purpose of the Midterm Evaluation.

∂ Failure to respond adequately to comments concerning consumer acceptance, cost and technology effectiveness. EPA received more than 100,000 public comments on the Proposed Determination.[21] Many of the comments from industry focused on the extent to which lack of consumer acceptance may impact the ability to achieve the standards, as well as the costs and effectiveness of the necessary technologies. The fact that EPA finalized its Determination a mere ***13 days*** after the close of the comment period demonstrates that the agency could not have adequately responded to all of these comments. Indeed, a review of the final Determination and the Response to Comments reveals that EPA did not provide adequate responses to the many comments given.

[21] *See* Determination at 1.

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EPA's determinationas to the appropriatenessof the GHG emission standards for MY 2022 through 2025 was a significantaction that will have wide-rangingimplicationsfor the automobile industry and the car-buying public. It was therefore important that EPA reach its decision based on an open and collaborative process, and only after fully consideringall of the most up-to-dateinformation concerning the costs and feasibilityof the technologiesnecessary to meet the standards. Rather than adhering to such a process that it had agreed to and promised in 2012, EPA rushed through a Final Determinationat the very end of the previous Administration. Therefore, we respectfullyrequest that EPA: (a) withdraw the Determination, (b) reopen the record on the Midterm Evaluation, and (c) reset the timetable for EPA's actions so that they align with NHTSA's rulemaking.

Thank you for your prompt consideration of this matter.

Sincerely,

John Bozzella
President and CEO
Association of Global Automakers

cc: Secretary Elaine Chao, DOT
Kevin Green, DOT
Bill Charmley, EPA
Chris Grundler, EPA
Michael Olechiw, EPA
Rebecca Yoon, NHTSA
James Tamm, NHTSA
Alberto Ayala, CARB

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February 21, 2017

G. Scott Pruitt
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Mail Code 1101A
Washington, D.C. 20460

RE: Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation

Dear Administrator Pruitt,

I write on behalf of the Alliance of Automobile Manufacturers (Alliance), an association representing twelve leading manufacturers of cars and light trucks,[1] to request that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the *Federal Register*.

For the auto industry, the Final Determination may be the single most important decision that EPA has made in recent history. The Alliance requests that EPA withdraw the Final Determination and resume the Midterm Evaluation, in accordance with its original timetable, to remedy the severe procedural and substantive defects that have infected the process to date. We explain, in more detail below, EPA's authority to withdraw the Final Determination and why that withdrawal is appropriate and essential.

1. EPA Should Exercise Its Authority to Withdraw the Final Determination

As you know, on January 20, the White House issued a memorandum to the heads of all executive departments and agencies instituting a freeze on regulatory activity, pending review by the Office of Management and Budget (OMB) Director.[2] The Alliance urges EPA to withdraw the Final Determination on its own initiative in accordance with the regulatory freeze. Irrespective of whether EPA considers the Final Determination a rule or an adjudication, the Final Determination should be reviewed

[1] Alliance members are BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America, and Volvo Car USA.

[2] *See* Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017, https://www.whitehouse.gov/the-press-office/2017/01/20/memorandum-heads-executive-departments-and-agencies.

and withdrawn. As the Alliance has noted, a wealth of precedents confirm that the Final Determination is a rule, and all rules not yet published in the *Federal Register* are subject to the regulatory freeze.[3] Even if EPA continues to construe the Final Determination as an adjudication, however, it is still subject to the regulatory freeze as an "agency statement of general applicability and future effect 'that sets forth a policy on a statutory, regulatory, or technical issue or an interpretation of a statutory or regulatory issue.'" The Final Determination reaffirms and reinstates industry-wide greenhouse gas emissions standards for all light vehicles sold in America for MY 2022-2025, and thereby establishes a policy on a regulatory issue of central importance to the auto industry.

Furthermore, EPA has ample authority to withdraw the Final Determination on its own initiative, irrespective of whether EPA considers it a rule or an adjudication. If the Final Determination is a rule, it is clearly a nonfinal one, because it has not been published in the *Federal Register*. *See* 5 U.S.C. § 553(d); *Kennecott Utah Copper Corp. v. U.S. Dep't of Interior*, 88 F.3d 1191, 1209 (D.C. Cir. 1996). And, as a nonfinal rule, EPA can readily withdraw the Final Determination without engaging in notice-and-comment rulemaking. *Kennecott,* 88 F.3d at 1206.

Even if EPA continues to endorse the view that the Final Determination is an adjudication, however, EPA has broad inherent power to reconsider its decision "within the period available for taking an appeal." *Am. Methyl Corp. v. EPA*, 749 F.2d 826, 835 (D.C. Cir. 1984). Agencies have long exercised this power to fix determinations like this one that suffer from "serious procedural and substantive deficiencies." *Belville Min. Co. v. United States*, 999 F.2d 989, 998 (6th Cir. 1993). Regardless of how EPA classifies the Final Determination, EPA should promptly withdraw it in light of the many procedural and substantive flaws described below.

2. <u>EPA Has Abrogated Its Commitment to a Robust Midterm Evaluation</u>

As the Supreme Court has recognized, EPA's regulatory efforts to address greenhouse gases have already produced "the single largest expansion in the scope of the [Clean Air Act] in its history."[4] In 2009, EPA issued an Endangerment Finding that motor vehicle greenhouse gas emissions contribute to climate change and thereby threaten public health and welfare. Thereafter, EPA and the National Highway Traffic Safety Administration (NHTSA) began jointly setting greenhouse gas emissions and fuel economy standards for new light-duty motor vehicles, starting with Model Year (MY) 2012-2016. Then, in 2012, EPA and NHTSA took the unprecedented step of

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[3] *See* Alliance Comments on Proposed Determination on Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11-13, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827; Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017.

[4] *Utility Air Regulatory Group v. EPA*, 134 S. Ct. 2427, 2436 (2014) (internal quotation marks omitted).

setting joint greenhouse gas and fuel economy standards over a decade in advance for MY 2022-2025 vehicles. 77 Fed. Reg. 62,628 (Oct. 15, 2012). No agency ever had set emissions standards so far into the future, and all stakeholders understood that no one could accurately project the circumstances affecting the technological and economic feasibility of these standards.

The Alliance supported these efforts—but only on the condition that EPA and NHTSA would reassess standards as data became available to test their feasibility. That commitment was essential because of the great uncertainty regarding the feasibility of the future standards. Based on the projections in the 2012 rule, manufacturers must achieve an average 54.5 miles per gallon equivalent across their new vehicle fleets by 2025. Even today, no conventional vehicle today meets that target, and conventional vehicles comprise 96.5% of the new light-duty vehicle fleet. Only some non-conventional vehicles (i.e., hybrid, plug-in electric, and fuel-cell vehicles), which comprise fewer than 3.5% of today's new vehicles, currently can do so.[5] Even under EPA's optimistic estimates, the automotive industry will have to spend a staggering $200 billion between 2012 and 2025 to comply, making these standards many times more expensive than the Clean Power Plan.[6]

EPA and NHTSA committed to a robust Midterm Evaluation that would take a fresh look at these standards by April 2018. The agencies promised that this review would be collaborative, so that the industry could offer the agencies real-life data to adjust their model-driven forecasts. The agencies also committed to developing greenhouse gas emissions standards and fuel economy standards in tandem.[7] And they repeatedly represented that they would not complete the Proposed Determination/Notice of Proposed Rulemaking until mid-2017 at the earliest.[8] The industry took the agencies at their word, commissioning complex studies critical to assessing the MY 2022-2025 standards and the processes used by EPA in its analysis, that we had expected to add to the administrative record for the Midterm Evaluation in 2017.

On November 30, 2016, EPA abruptly abrogated these commitments. EPA issued a Proposed Determination that the MY 2022-2025 standards should go into force

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[5] "Light-Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 through 2016," at 118. U.S. Environmental Protection Agency. EPA-420-R-16-010, Nov. 2016.

[6] *See* EPA Regulatory Impact Analysis for 2012-2016 rule (EPA-420-R-10-009, Apr. 2010) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2012-2016-light-duty-vehicle; EPA Regulatory Impact Analysis for 2017-2025 rule (EPA-420-R-12-016, Aug. 2012) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2017-and-later-light-duty-vehicle.

[7] *See* 40 C.F.R. § 86.1818-12(h), 77 Fed. Reg. 62,784 (Oct. 15, 2012), 40 C.F.R. § 86.1818-12(h)(1) -(2); 81 Fed. Reg. 49,219 (July 27, 2016).

[8] *See* Alliance Comments on Proposed Determination at 10, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

without modification. EPA issued the Proposed Determination without coordinating with NHTSA. EPA demanded comments by December 30, 2016, even though the Proposed Determination was not published in the *Federal Register* until December 6. The public and industry had a mere 24 days, spanning a major national holiday, to comment on nearly 1,000 pages of documents, plus additional cited documents and computer modeling, regarding requirements that will profoundly affect the automobile industry and the more than 900,000 American workers it directly employs.[9] After EPA denied requests by various stakeholders to extend the abbreviated comment period, we did our best to file substantive comments. EPA received more than 100,000 public comments, including 63 sets of comments from various organizations spanning hundreds of pages.[10] Many objected that the comment period was inadequate. EPA denied all requests to extend the abbreviated comment period and yet EPA issued the Final Determination on January 13, 2017, just 14 days after the comment period closed. EPA brushed aside objections to its procedural shortcuts and never justified the need for such an abbreviated comment period. EPA also rejected commenters' substantive and technical concerns by resting on its earlier analysis.

3. EPA Should Withdraw the Final Determination Immediately

The Final Determination is the product of egregious procedural and substantive defects and EPA should withdraw it.[11] In EPA's rush to promulgate the Final Determination before the new administration took office, EPA bypassed required procedures, failing for instance to provide an adequate period for meaningful notice and comment. The Final Determination asserts that there was no need for more time because the Proposed Determination did not include much new material. But that contention is belied by EPA's acknowledgement that the Proposed Determination adjusted a number of EPA assumptions in response to commenters who pointed out errors at earlier stages. The industry also had an unacceptably short period to try to ascertain why EPA rejected many of its objections.[12] These procedural defects are significant irrespective of whether the Final Determination constitutes rulemaking or adjudication.

EPA's unilateral announcement of its Final Determination also constitutes a failure to harmonize its greenhouse gas emissions standards with NHTSA's fuel-economy standards, contrary to the letter and intent of EPA's own regulations. NHTSA has not yet reached a determination on its fuel economy standards and continues its

[9] U.S. Department of Labor, Bureau of Labor Statistics, 2015, U.S. Vehicle and Equipment Manufacturing Employment equaled 909,700 people.

[10] Final Determination, Response to Comments at 1-3.

[11] *See* Alliance Comments on Proposed Determination, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

[12] *See* Final Determination, Response to Comments at 7.

Midterm Evaluation rulemaking activities. EPA's failure to act in coordination with NHTSA also casts serious doubt on the legitimacy of EPA's data and conclusions, given the substantial discrepancies between EPA's and NHTSA's analysis of the technologies and costs associated with the MY 2022-2025 standards.[13]

Furthermore, EPA's Final Determination that the MY 2022-2025 greenhouse gas standards should remain unchanged, is riddled with indefensible assumptions, inadequate analysis, and a failure to engage with contrary evidence. Here are just a few examples:

- EPA estimated that these standards will cost the industry at least $200 billion. But EPA underestimated the burden. Contrary to EPA's assumptions, manufacturers will have to rely on much more expensive electrified technologies (i.e., hybrids and plug-ins), driving up vehicle prices and depressing auto sales.

- EPA refused to conduct an analysis of consumer acceptance and technology affordability needed for compliance, claiming this was too difficult.

- EPA refused to analyze substantively the economic impact of the MY 2022-2025 standards, instead making cursory assertions that downplayed the impact of its mandate on auto sales and employment.

- EPA refused to consider many of the Alliance's technical concerns even when supported by an outside consultant[14], asserted the Alliance provided insufficient data, and then refused further meetings for clarification.

4. Studies and Data Highly Relevant to the Midterm Evaluation Have Not Been Submitted to EPA Because They Still Are Pending

It is particularly critical that EPA withdraw the current Final Determination and reopen the Midterm Evaluation process because analysis commissioned according to EPA's original timetable is ongoing and the Alliance expects that new information relevant to the Final Determination's underlying assumptions and resulting analysis will soon emerge. EPA's rushed timetable, coupled with its about-face on the timing of the Midterm Evaluation, prevented consideration of this information.

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[13] *See* Alliance Comments on US EPA, US DOT, California's Air Resources Board Draft Technical Assessment Report of Greenhouse Gas Emissions and Fuel Economy Standards for Model Year 2022-2025 Cars and Light Trucks at ES-9, Sept. 26, 2016, Docket ID No. EPA-HQ-OAR-2015-0827, NHTSA's costs are approximately 42% higher than EPA's (NHTSA Table ES-2 v. EPA ES-4 Table ES-1).

[14] *See* Novation Analytics Comments on Draft Technical Assessment, Sept. 26, 2016; Docket ID No. EPA-HQ-OAR-2015-0827.

We urge EPA to reconsider imposing such a far-reaching mandate on an entire industry without adequately considering the consequences, and without giving stakeholders a meaningful opportunity to comment. The MY 2022-2025 standards threaten to depress an industry that can ill afford spiraling regulatory costs. If left unchanged, those standards could cause up to *1.1 million* Americans to lose jobs due to lost vehicle sales.[15] And low-income households would be hit the hardest.[16]

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue about ways to rekindle the industry's longstanding cooperation with EPA on these issues.

Sincerely,

Mitch Bainwol
President and CEO

Cc: Secretary Elaine Chao, DOT
Kevin Green, DOT
Bill Charmley, EPA
Chris Grundler, EPA
Michael Olechiw EPA
Rebecca Yoon, NHTSA
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Mike McCarthy, CARB
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[15] McAlinden, Sean, et al., *The Potential Effects of the 2017-2025 EPA/NHTSA GHG/Fuel Economy Mandates on the U.S. Economy*, Center for Automotive Research (Sep. 2016) at 49. Referring to the $3.00 per gallon gasoline price $6,000 technology cost scenario.

[16] Walton, Tom, et al., *The Impact of Future Fuel Economy Standards on Low Income Households*, Defour Group LLC (Sep. 2016); Walton, Tom, et al., *Defour Group Response to EPA Rejoinders to Defour Group / Alliance of Automobile Manufacturers Submission Regarding the Regressivity/Affordability of EPA's Proposed Fuel Economy Standards*, (Dec. 2016).

To: Charmley, William[charmley.william@epa.gov]
From: NADA Headlines
Sent: Thur 2/16/2017 4:12:34 PM
Subject: Carmakers' Plea for Fuel Economy Review Sets Stage for Showdown

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February 16, 2017

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- Carmakers' Plea for Fuel Economy Review Sets Stage for Showdown
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- 2017 NADA Dealership Workforce Study Open for Participation
- Dodge Gives Slow Rollout to Its Most Demonic Car Yet

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Carmakers' Plea for Fuel Economy Review Sets Stage for Showdown

Automakers enjoying lucrative sales of trucks and sport utility vehicles are hoping President Donald Trump makes good on his vows to deregulate. Environmental groups are saying fuel efficiency standards won't be watered down without a legal challenge.

Quotable

"[I]gnoring consumer preferences and market realities will drive up costs for buyers and threaten future production levels."

-- A letter signed by chief executives including Mary Barra of General Motors Co., Mark Fields of Ford Motor Co. and Sergio Marchionne of Fiat Chrysler Automobiles NV, urging the Trump administration to review the EPA's fuel economy regulations, Bloomberg, Feb. 15

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Automotive Forum -- April

Eighteen auto industry executives sent a letter to Trump on Friday, asking him to reinstate an Environmental Protection Agency review of fuel economy regulations through 2025 that they say was unfairly cut short during the final days of the Obama administration. That letter could be the opening act in a potential drawn-out battle in Washington and in U.S. courts as environmental groups consider suing to stall or derail any effort to lower the targets.

The issue auto executives raised in their letter last week was the review process for the nation's fuel efficiency standards. The companies and then-President Barack Obama struck a deal in 2011 to double average fuel economy of vehicles to 54.5 miles per gallon by 2025, with the caveat that a mid-term review would determine whether the standards for the final years of the program were feasible.

Automakers say falling gasoline prices have squelched demand for the most fuel-efficient vehicles, making achieving the standards more difficult. Just a week before Trump took office, the EPA said it had concluded its review more than a year ahead of schedule and the rules didn't need to be changed.
Source: Bloomberg

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If Car Industry Retools, Parts Makers Will Reel

Lift the hoods of the world's auto makers to see the problems in store for companies that have thrived on the automotive global supply chain. Car makers are reeling with the uncertainty of President Donald Trump's threats to impose border tariffs and import duties—their earnings calls these days are peppered with comments and questions on U.S. investment plans. So it is worth considering how much of a car is actually made in the U.S., as American imports of car parts surge.

There is the car and then everything that has gone into putting the car together. While the focus has remained on the former, it is the automotive parts that could substantially raise the costs of making cars. Tariffs could likely apply to both—the car and the parts, so the compounding effect looks painful.
Source: The Wall Street Journal (Subscription required.)

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Feb. 16 Webinar: NADA and FTC to Discuss the Recently Revised Buyers Guide

Join NADA and FTC attorney John Hallerud in a webinar covering the changes to the Used Car Rule and the revised Buyers Guide. Learn how to properly produce, use and complete the revised Buyers Guide, and ask your questions directly to the FTC. This webinar is open to dealers, dealership staff, dealer attorneys, dealership compliance professionals, and dealership forms providers. **Click here** to register.

Date: Today, Thursday, Feb. 16, 2017
Time: 1 p.m. ET
Duration: 75 minutes
Source: NADA

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FCA Shares Jump on GM Speculation; Barra Still Not Interested

Fiat Chrysler Automobiles shares have outpaced General Motors in the initial aftermath of a potential Opel sale, amid fresh speculation the two could combine. The problem: GM CEO Mary Barra still isn't interested. Analysts are seeing GM's proposed sale of its European business creating an opening for FCA to revive its long-standing -- and one-sided effort -- to combine with GM. Shedding Opel would eliminate GM's overlap with Fiat in Europe and clear the way for the largest U.S. automaker to replace money-losing operations with Fiat's profitable brands.
Source: Bloomberg / Automotive News

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2017 NADA Dealership Workforce Study Open for Participation

For participating in the study, dealerships will receive two complimentary reports.

With a retail workforce topping 1 million and the industry poised for growth, dealerships need to focus on hiring and keeping talented employees. The NADA Dealership Workforce Study (DWS) provides one-of-a-kind analysis of dealership pay plans and benefit packages, retention and turnover, employee benefits, work schedules and demographics. It is based on actual payroll data and questionnaire responses submitted by NADA and ATD members. **The DWS is open for participation now through April 28, 2017, at www.nadaworkforcestudy.com**.

In return for participating in the study, dealerships will receive two complimentary reports: (1) *Automotive Retail: National and Regional Trends in Compensation, Benefits and Retention* and (2) a custom report, which includes comparisons of the dealership(s) to peers nationally, regionally, by state and brand. **All data must be submitted by April 28, 2017.** To participate in the study, go to **www.nadaworkforcestudy.com** to begin. For questions, email WorkforceStudy@nada.org.
Source: NADA Dealership Operations

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Dodge Teases Slow Rollout to Its Most Demonic Car Yet

From the slow-motion rollout that Fiat Chrysler is giving its latest performance model, this much is clear: the new Dodge Challenger SRT Demon will be fast. Really fast. The company is releasing new videos leading up to the New York

Past Articles

- Feb. 15 - Industry Chiefs to Trump: Give Us Clarity, Stability
- Feb. 14 - 2017 NADA Dealership Workforce Study Open

Auto Show in April, where Demon will make its debut. The videos, including the latest, "Forced Induction," are all finding a home on a special website. Tim Kuniskis, FCA's head of passenger car brands, has said that the Demon would be more powerful than the Challenger Hellcat models, which are powered by a 6.2-liter, supercharged V-8 engine that delivers 707 horsepower.
Source: Detroit Free Press

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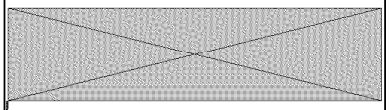
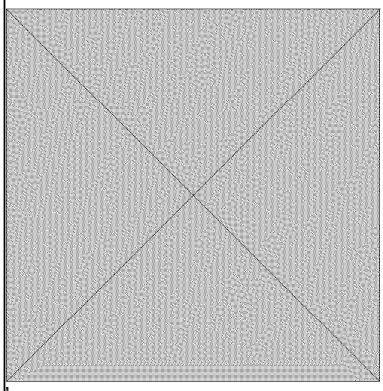
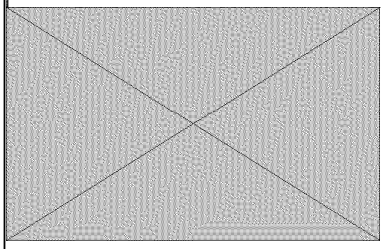
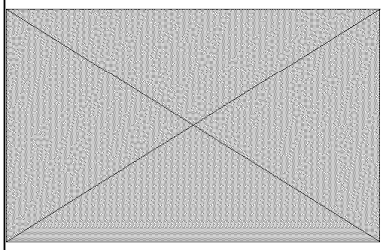
for Participation

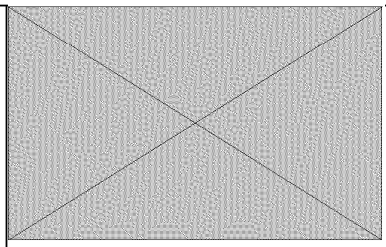
- Feb. 13 - Tax Threat Heightens Concern about Affordability
- Feb. 10 - Mexican Tariff Could Hit Lower-Income Car Buyers
- Feb. 9 - Nissan Profit Climbs as SUV Sales Pick Up

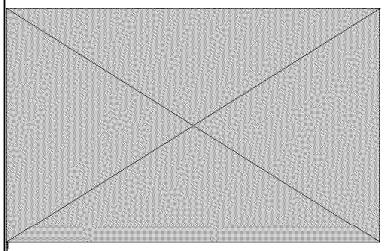


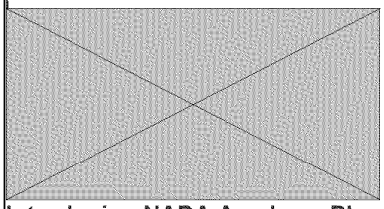












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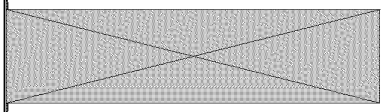

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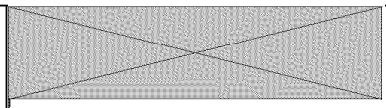

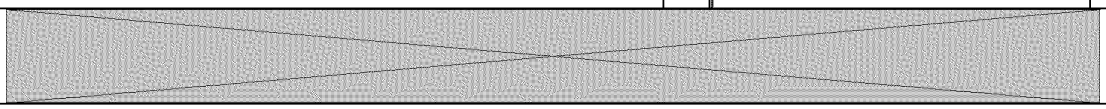

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From: NADA Headlines
Sent: Mon 2/13/2017 3:47:59 PM
Subject: Tax Threat Heightens Concern about Affordability

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February 13, 2017

Inside this issue

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- Biggest Driver of Cleaner-Car Rules Is California, Not Washington
- Automotive News Editorial: FCA's Network Expansion Defies Logic
- Jim Appleton: Dealers, Consumers Will Pay for FCA Store Expansion
- Buy-Sell Business Could Boom This Year
- Feb. 16 Webinar: NADA and FTC to Discuss the Recently Revised Buyers Guide

Top Stories

Tax Threat Heightens Concern about Affordability

Prices for new cars and trucks, being pushed ever higher by fuel economy improvements, safety equipment and advanced technology, could soar out of range for many buyers with the

Quotable

"Unless we as an industry, working with policymakers at all levels of government, start looking through the lens of customer affordability, we risk imposing a new luxury tax on the vehicles our members sell, which, in turn, will depress the SAAR, reduce fleet turnover and deprive large swaths of Americans of the opportunity to obtain and benefit from the ownership of a new car or truck."

-- NADA President and CEO Peter Welch, *Automotive News*, Feb. 13

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Automotive Forum -- April

addition of an import tax to the equation.

Among the vehicles hit hardest would be entry-level nameplates that automakers rely on as gateways for new customers but say they can't make profitably in the U.S.

President Donald Trump and House Republicans have floated the idea of taxing vehicles and other goods that enter the nation's borders, while providing more favorable tax treatment to exports. Such a tax would have drastic effects on the auto industry, raising prices not only on Nissan Versas, Ford Fusions and crew-cab Chevrolet Silverados assembled in Mexico, but also on many of the imported components that U.S. plants use.

The tax would ripple through dealerships, which would pay more to carry higher-priced vehicles in inventory. Auto sales would inevitably decline, as some consumers instead visit a pre-owned lot or hold onto their current vehicles longer, and that could lead to job losses both on sales floors and assembly lines.

"We already have an affordability issue with the auto industry," said Cody Lusk, president of the American International Automobile Dealers Association. "We're already pushing it with consumers, with the average payment going up and loan terms being stretched out."
Source: Automotive News

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Auto CEOs Ask Trump to Revisit Obama-Era Fuel Efficiency Rules

The chief executives of 18 automakers asked President Donald Trump to reinstate a U.S. Environmental Protection Agency review of fuel efficiency regulations through 2025 that they say was unfairly cut short during the final days of the Obama administration. In a Feb. 10 letter, executives including Mary Barra of General Motors Co., Ford Motor Co.'s Mark Fields and Fiat Chrysler Automobiles NV boss Sergio Marchionne asked Trump to return the review to its original schedule, giving the new administration a chance to shape the outcome.
Source: Bloomberg

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Biggest Driver of Cleaner-Car Rules Is California, Not Washington

State has power to set mandate on zero-emissions separate from U.S. efforts

Ford Motor Co. Chief Executive Mark Fields used a recent White House breakfast with President Donald Trump to argue for relaxing U.S. car-emissions standards. But Mr. Fields and other auto executives need to travel 2,700 miles west of Washington to find the government officials who are pushing them the most on environmental regulations. When it comes

to forcing auto makers to build cleaner cars, California is in the driver's seat.
Source: The Wall Street Journal (Subscription required.)

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Automotive News Editorial: FCA's Network Expansion Defies Logic

Automakers and dealers would find it impossible to survive without each other's support. Yet from time to time, manufacturers seem to forget this and proceed without regard for the economic well-being of their partners. The latest example: Fiat Chrysler's move to add approximately 380 stores to its network of about 2,500 U.S. dealerships. We question that logic. Have FCA's sales been faltering lately because the company has too few dealers? Certainly not.
Source: Automotive News

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Jim Appleton: Dealers, Consumers Will Pay for FCA Store Expansion

A manufacturer's power to create a new dealership location is the power to destroy any number of existing dealerships within the market. FCA's drive to create hundreds of new locations across the U.S. may be a sign of real optimism about the future. And that sign of strength is certainly good news to dealers and dealer advocates; that is until a rash of new points threatens to undermine the financial stability of incumbent dealerships, the employees who work there, and the consumers and communities that rely on these established businesses.

Jim Appleton is president of the New Jersey Coalition of Automotive Retailers, which represents dealers at the state's 500-plus franchised new-car and -truck dealerships.
Source: Automotive News

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Buy-Sell Business Could Boom This Year

This year's buy-sell activity is expected to outpace 2016's in volume -- if sellers continue to come to market and prices drop, buy-sell advisers say. "We have projected this to be the most active buy-sell market in history," said Erin Kerrigan, managing director of Kerrigan Advisors in Irvine, Calif. Kerrigan said the number of buyers and her client base of sellers are growing.
Source: Automotive News

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Join NADA and FTC attorney John Hallerud in a webinar covering the changes to the Used Car Rule and the revised Buyers Guide. Learn how to properly produce, use and complete the revised Buyers Guide, and ask your questions

Past Articles

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directly to the FTC. This webinar is open to dealers, dealership staff, dealer attorneys, dealership compliance professionals, and dealership forms providers. **Click here** to register.

Date: Thursday, Feb. 16, 2017
Time: 1 p.m. ET
Duration: 75 minutes
Source: NADA

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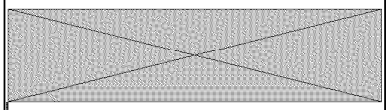
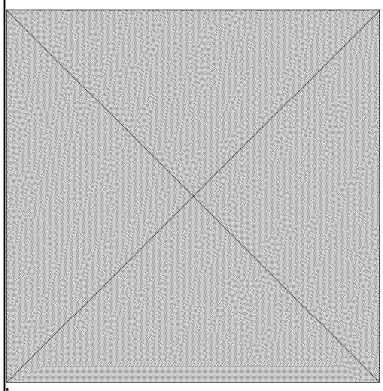
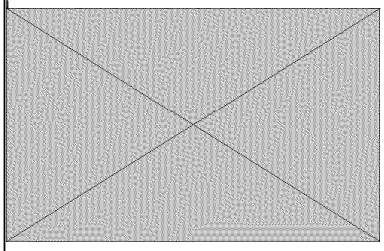
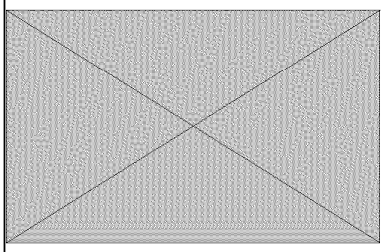
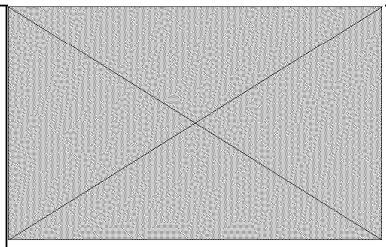
- Feb. 8 - GM Aims SUVs at Shrinking Margin After Record Annual Profit
- Feb. 7 - GM Posts $9.43 Billion in Net Profits for '16
- Feb. 6 - FCA's Plan to Add Stores Riles Dealers

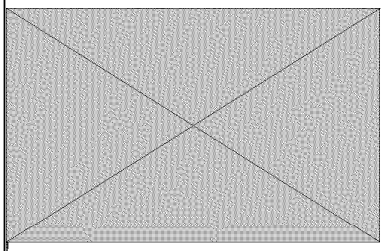


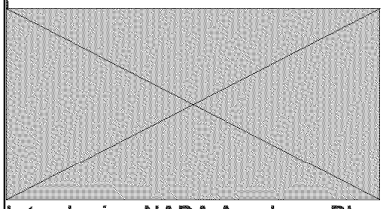












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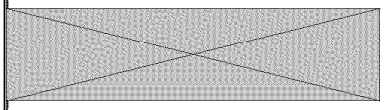

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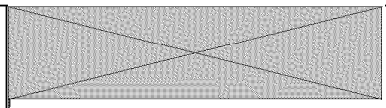

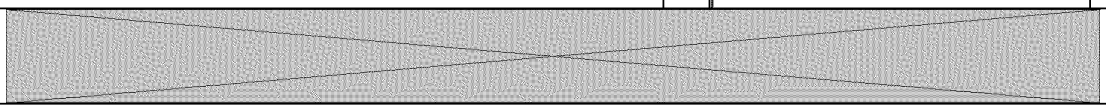

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To: Charmley, William[charmley.william@epa.gov]
Cc: Olechiw, Michael[olechiw.michael@epa.gov]; Moran, Robin[moran.robin@epa.gov]
From: Rick Gezelle (TMNA)
Sent: Wed 2/1/2017 8:06:59 PM
Subject: RE: 3 Agency GHG/CAFE Meeting with Toyota [WARNING: DKIM validation failed]

Thanks Bill. We're open to any suggested agenda items you might have …

From: Charmley, William [mailto:charmley.william@epa.gov]
Sent: Wednesday, February 01, 2017 1:01 PM
To: Rick Gezelle (TMNA) <rick.gezelle@toyota.com>
Cc: Olechiw, Michael <olechiw.michael@epa.gov>; moran.robin epa.gov <moran.robin@epa.gov>
Subject: RE: 3 Agency GHG/CAFE Meeting with Toyota [WARNING: DKIM validation failed]

Rick,

Chris did pass this on. I have a meeting tomorrow with Mike and Robin where we will make sure calendar wise this works, and if we have any recommendations for this

I think this is also in line with the discussion you and I had on the Sunday evening dinner with the Alliance in Detroit, where we discussed that EPA and Toyota technical staff should circle back at some point on the various open issues on engines, transmissions, etc.

Mike or I will circle back with you before the end of this week.

Thanks

Bill

From: Rick Gezelle (TMNA) [mailto:rick.gezelle@toyota.com]
Sent: Wednesday, February 01, 2017 12:49 PM
To: Charmley, William <charmley.william@epa.gov>
Subject: 3 Agency GHG/CAFE Meeting with Toyota [WARNING: DKIM validation failed]

Hey Bill.

Lots of communication this week …

I want to confirm that EPA is available the week of March 27. I talked to Chris at the Global Automakers event last week in D.C., and it sounds like he can attend. We plan to have a Managing Officer along with TMC technical experts travel from Japan. The meeting location is likely Washington, D.C., but still not finalized.

We can provide a draft agenda in the next week or so.

Thanks. -Rick

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Subject: Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces

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January 20, 2017

Inside this issue

- Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces
- Another Round of Takata Airbag Recalls Filed by 13 Automakers
- California Warns of Break From Washington on Clean-Air Rules
- Ex-Chief of VW Holds Firm During Grilling on Emissions Deception
- Roger Penske and Helio Castroneves Join Speaker Lineup at NADA Convention

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Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces

Donald Trump's ascendance to the White House has raised hopes among U.S. businesses for the most significant rollback of regulations since the Reagan administration. Cutting regulations is not only a key component in Trump's goal of doubling economic growth to 4%, but some economists regard it as potentially the most powerful agent for revving up the sluggish pace of business investment and overall productivity, the single biggest factor in improving the

Quotable

"Regulatory reform, its potential, is way above either cutting taxes or stimulus spending."

-- John Cochrane, senior fellow at Stanford's Hoover Institution, commenting on President-elect Donald Trump's plan to cut regulations, *Los Angeles Times*, Jan. 19

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living standards of Americans. Trump has called Dodd-Frank "a very negative force" in the economy. And his Treasury secretary designee, Steven Mnuchin, believes that Dodd-Frank is too complicated and an obstacle to lending, and has pledged to strip back parts of the law and make that priority No. 1 on regulatory reform.
Source: Los Angeles Times

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Another Round of Takata Airbag Recalls Filed by 13 Automakers

More than a dozen automakers this week recalled another 652,000 vehicles with Takata airbag inflators in the U.S. to replace front passenger inflators as the largest callback in the history of the auto industry continues to cascade through the regulatory process. The 13 automakers that posted recalls in the latest U.S. batch are Audi, BMW, Daimler Vans, Ferrari, Jaguar Land Rover, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Subaru, Tesla, McLaren and Karma.
Source: Automotive News

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California Warns of Break From Washington on Clean-Air Rules

California sent a warning shot in a potential showdown with the incoming Trump administration, with the state's clean-air regulators digging in on mandates for an ever-greater number of electric and fuel-cell cars. The staff of California's Air Resources Board called national efforts to promote electrification "very modest" after 2025 as it released a more than 660-page report Wednesday on the future of zero-emission vehicles, or ZEVs. If federal emissions standards are substantially changed, the state may revisit whether to keep coordinating with Washington's policies, they said.
Source: Bloomberg

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Ex-Chief of VW Holds Firm During Grilling on Emissions Deception

Volkswagen's former chief executive, Martin Winterkorn, yielded no ground on Thursday during a polite grilling by German lawmakers over the carmaker's diesel-emissions deception, but he astonished them by insisting that he had not heard the term "defeat device" before September 2015, when the scandal broke. Appearing in public for the first time since he resigned over the case, Mr. Winterkorn, who worked at the company for more than 35 years, contended, as he has all along, that he had not been aware of any wrongdoing.
Source: The New York Times

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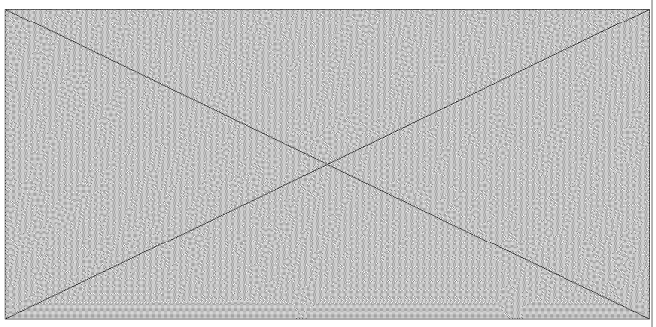
Past Articles

Roger Penske and Helio Castroneves Join Speaker Lineup at NADA Convention

Advance registration discount for dealers and managers

ends Friday, Jan. 20.

Motorsports legends Roger Penske, chairman of Penske Corporation, and Helio Castroneves, three-time Indianapolis 500 winner for Team Penske Racing, will take the stage at the 2017 NADA Convention and Expo in New Orleans on Saturday, Jan. 28. Keith Crain, editor-in chief of *Automotive News*, will moderate the discussion.



"As NADA celebrates its centennial, it's a wonderful honor for it to salute Roger Penske on 50 years of motorsports along with Helio Castroneves, who is an icon at Indianapolis as well as becoming a participant in an auto dealership," Crain said. "NADA's 100th anniversary is a milestone for auto dealers across this nation."

Mark Fields, president and CEO of Ford Motor Company, will sit down with 2016 NADA Chairman Jeff Carlson for a fireside chat during the opening general session on Friday, Jan. 27. Other speakers at the NADA convention – which runs from Thursday, January 26, to Sunday, January 29 – include Carlson (Jan. 27) and 2017 NADA Chairman Mark Scarpelli (Jan. 28), *New York Times* best-selling authors, comedian Jim Gaffigan (Jan. 27) and inspirational speaker Amy Purdy (Sunday, Jan. 29).

NADA, founded in 1917, will kick off yearlong events commemorating its 100-year anniversary with **NADA 100 Carnival**, which will be held at Mardi Gras World on Thursday, Jan. 26. The Carnival will feature top New Orleans cuisine and musical entertainment from Foreigner, Cowboy Mouth and jazz favorites. For more information or to register, visit **www.nadaconvention.org**.
Source: NADA Public Affairs

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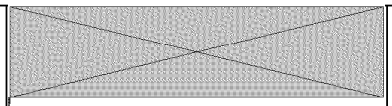
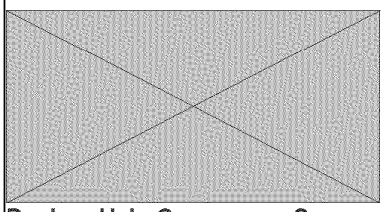
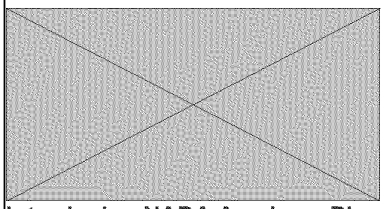
- Jan. 19 - Roger Penske and Helio Castroneves Join Speaker Lineup at NADA Convention
- Jan. 18 - New-Car Dealers to Promote Prom-Season Teen Driving Safety at Upcoming NADA Convention
- Jan. 17 - NADA's Welch: Seize the Political Opportunity
- Jan. 13 - NADA Urges Trump Administration to Reverse Obama EPA's Final Determination on Fuel Economy
- Jan. 12 - Mark Fields Joins NADA Convention Speaker Lineup in New Orleans





Dealers Help Consumers Secure Competitive Financing



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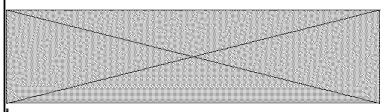

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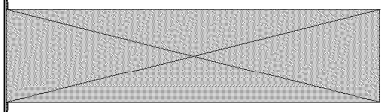
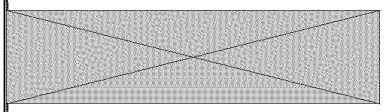
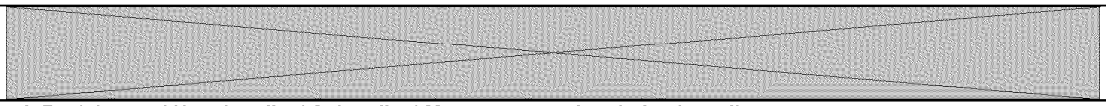


The Year at a Glance: A Final Message From Your 2016 Chairman





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To: Charmley, William[charmley.william@epa.gov]
From: ccyrill@nada.org
Sent: Wed 3/15/2017 4:23:31 PM
Subject: Trump Will Offer Boost for Carmakers Today

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March 15, 2017

Inside this issue

- Trump Will Offer Boost for Carmakers Today
- Trump Won't Seek to Roll Back California Vehicle Authority
- As Trump Targets NAFTA, Car Industry Aims to Roll With the Changes
- Audi Searched by German Police in Dieselgate Swoop
- Auto Group Will Pay $3.6 Million to Settle FTC Charges
- 2017 Automotive Forum to Discuss 'The View from Wall Street' on April 11

Top Stories

Trump Will Offer Boost for Carmakers Today

President Donald J. Trump will tell autoworkers and car executives in a Wednesday speech outside Detroit that his administration is reopening an automaker-requested review of a strict fuel economy mandate, a senior White House official said. The Trump official said the administration plans to spend the next year reviewing data and will set gas mileage standards in 2018 that are technically and

Quotable

"The last thing you want to do is to adjust your price. You're going to absorb the cost the best way you can."

-- Carlos Ghosn, head of the Renault SA/Nissan Motor Co. alliance, has encouraged the Trump administration to move fast on NAFTA changes, *The Wall Street Journal*, March 15

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Automotive Forum -- April

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economically realistic and would allow automakers to continue growing and adding jobs.
Source: The Detroit News

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Trump Won't Seek to Roll Back California Vehicle Authority

President Donald Trump will announce the U.S. Environmental Protection Agency will revive a review of the feasibility of strict fuel efficiency standards through 2025, but will not seek to withdraw California's authority to set its own vehicle rules, a White House official said late on Tuesday.
Source: Reuters

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As Trump Targets NAFTA, Car Industry Aims to Roll With the Changes

If proposed taxes prompt auto makers to move more work back to the U.S., many parts suppliers plan to follow

Auto executives say they can adapt to taxes or other curbs on imports, even as industry advocates insist such moves will dent sales and eat into profit. President Donald Trump, traveling to Detroit Wednesday to say his administration will reopen a review of fuel-economy targets, has threatened to upend the North American Free Trade Agreement. The 23-year-old pact led to tens of billions of dollars in new Mexico investments by car companies and their suppliers.
Source: The Wall Street Journal (Subscription required)

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Audi Searched by German Police in Dieselgate Swoop

German prosecutors searched Audi's two biggest plants and other sites on Wednesday in connection with the emissions scandal still rocking parent Volkswagen, adding to pressure on the luxury division and its Chief Executive Rupert Stadler. Volkswagen admitted in September 2015 that up to 11 million of its vehicles worldwide had software installed that cheats emissions tests, unleashing its biggest ever crisis.
Source: Reuters

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Auto Group Will Pay $3.6 Million to Settle FTC Charges

A Los Angeles-based auto group with nine dealerships has agreed to pay more than $3.6 million for return to consumers in order to settle Federal Trade Commission charges that it used deceptive and unfair sales and financing practices, deceptive advertising, and deceptive online reviews. The proposed settlement order, which will be filed in the U.S. District Court for the Central District of California for approval, will prohibit the defendants from making misrepresentations

relating to their advertising, add-on products, financing, and endorsements or testimonials.
Source: FTC

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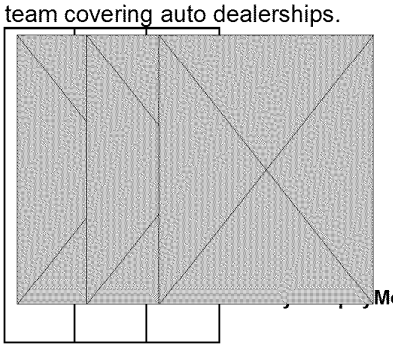
2017 Automotive Forum to Discuss 'The View from Wall Street' on April 11

"The View from Wall Street" is among several topics and panel sessions slated for the 2017 Automotive Forum in New York City next month ahead of the auto show. The Wall Street panel speakers are John Murphy, managing director and lead U.S. auto analyst in equity research for Bank of America Merrill Lynch, and Michael Montani, managing director and analyst on Evercore ISI's consumer research team covering auto dealerships.



Montani

Stephen Girsky, managing partner of VectolQ, an independent advisory firm based in New York, will moderate a panel discussion with Murphy and Montani. Girsky served in numerous capacities at General Motors from November 2009 until July 2014.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York on April 11, 2017. For the full agenda or to register, visit **www.autoforumny.com**. Seating is limited, so register today. Attendees will receive access to the auto show during press days starting April 12.
Source: NADA

Related article:

- NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era' *(NADA Headlines)*

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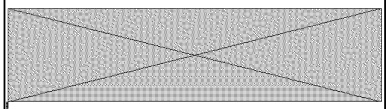
Past Articles:

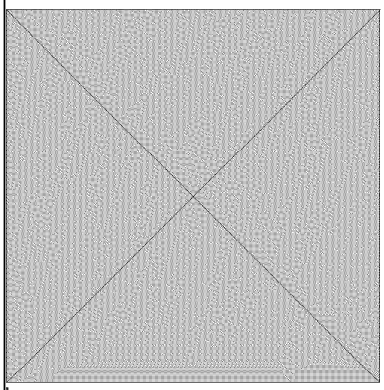
- March 14 - NADA / J.D. Power Automotive Forum: The View from Wall Street
- March 13 - Trump Expected to Announce Vehicle Emissions Rules Review
- March 10 - Study Warns of Higher Consumer Prices, Job

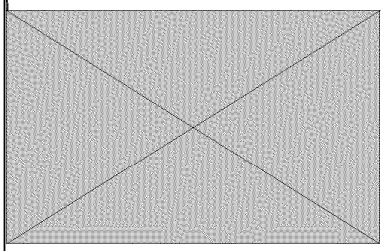
Past Articles:

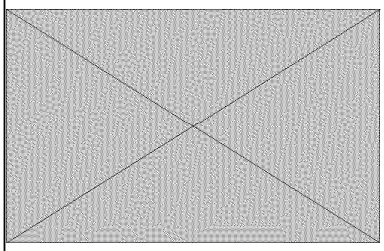
Losses Under Current MPG Rules

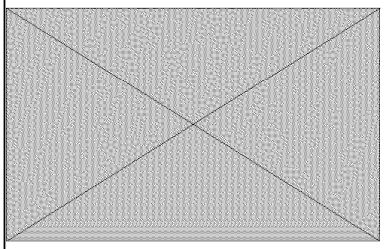
- March 9 - Ford's Joe Hinrichs and Toyota's Bob Carter to Speak at 2017 Automotive Forum in NYC on April 11
- March 8 - VW Rejects Marchionne's Merger Suggestion: 'We Have Other Problems'

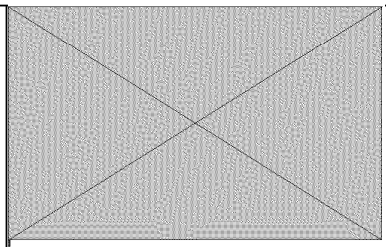


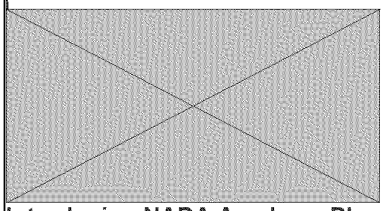












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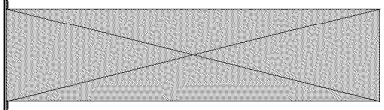

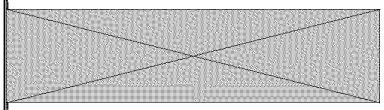

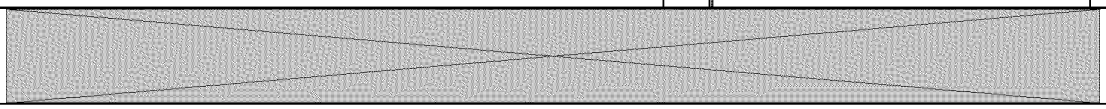

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To: Julia Rege[JRege@globalautomakers.org]
Cc: Olechiw, Michael[olechiw.michael@epa.gov]; Moran, Robin[moran.robin@epa.gov]
From: Charmley, William
Sent: Thur 3/23/2017 6:44:20 PM
Subject: RE: MTR Docket

Julia,

At this point we don't know the answer to your question.

I am assuming that of course at some point we will be re-opening the docket, so that the basis for Administrator Pruitt's reconsideration will all be in one place, including new information from stakeholders.

Once we know more, we will let you know.

The Alliance's letter is on the web site because the Administrator's office asked for it to be posted. We realize that we have many letters from many stakeholders on the subject of the reconsideration topic, and I don't believe there are plans to post more on the EPA web-site, but as I said, the docket is an open question that once we know the answer we will communicate to all of the stakeholders.

Thanks

Bill

Bill Charmley

Director

Assessment and Standards Division

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

National Vehicle and Fuel Emissions Laboratory

2000 Traverwood Drive

Ann Arbor, MI 48105

desk ph. 734-214-4466

cell ph. 734-545-0333

e-mail: charmley.william@epa.gov

From: Julia Rege [mailto:JRege@globalautomakers.org]
Sent: Thursday, March 23, 2017 1:12 PM
To: Charmley, William <charmley.william@epa.gov>
Cc: Olechiw, Michael <olechiw.michael@epa.gov>
Subject: MTR Docket

Bill,

I was wondering if you knew if the midterm review docket was going to be reopened for comments.

I also noticed that EPA's miterm review webpage was updated. It now includes the Alliance's letter to Administrator Pruitt but that Global Automakers' was not added. (Neither letter appears to have been added to the docket.) Do you know if this was an oversight? Should you want to link to our letter similarly to the Alliance's, here is the public link to our letter: https://www.globalautomakers.org/media/letter/global-automakers-requests-that-epa-reconsider-its-final-determination-concerning-my2022.

Best, Julia

Julia Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

1050 K Street, NW, Suite 650

Washington, DC 20001

202.650.5559 (direct)

202.650.5555 (main)

jrege@globalautomakers.org

GlobalAutomakers

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To: Julia Rege[JRege@globalautomakers.org]
From: Charmley, William
Sent: Thur 3/16/2017 9:54:37 PM
Subject: Re: Global Automakers Letter to Governor Brown

Julia

If you have 5 or 10 minutes, can you give me a call on this?

I'm on my cell 734-545-0333

Thanks
Bill

Sent from my iPhone

On Mar 16, 2017, at 5:45 PM, Julia Rege <JRege@globalautomakers.org> wrote:

Chris and Bill,

Global Automakers is delivering a letter to Governor Brown today in response to his tweet/letter re: GHG standards to John Bozzella yesterday. This letter is in the process of being delivered and is being provided to you in advance as a courtesy.

I also wanted to let you know, if you weren't already informed, that tomorrow the Alliance and Global Automakers will be running an ad in the WSJ thanking the President for reopening up the midterm review process on GHG.

Please let me know if you have any questions.

Best, Julia

Julia Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

1050 K Street, NW, Suite 650

Washington, DC 20001

202.650.5559 (direct)

202.650.5555 (main)

jrege@globalautomakers.org

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<image003.jpg> <image005.jpg>

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<Global Automakers Letter to Governor Brown.pdf>

To: Chris Nevers[CNevers@autoalliance.org]
From: Charmley, William
Sent: Mon 2/27/2017 7:53:55 PM
Subject: RE: Alliance Letter to Administrator Pruitt

Chris,

Thanks for sending this to Mike and I and for the voice-mail. Ex. 6 - Personal Privacy
Ex. 6 - Personal Privacy

I'm back at work today and all week. I will read through the letter from Mitch to Administrator Pruitt and if I have any questions I will let you know.

Thanks

Bill

From: Chris Nevers [mailto:CNevers@autoalliance.org]
Sent: Wednesday, February 22, 2017 8:35 AM
To: Charmley, William <charmley.william@epa.gov>
Cc: Olechiw, Michael <olechiw.michael@epa.gov>
Subject: Alliance Letter to Administrator Pruitt

Good Morning Bill,

I realize you are out of the office, so I left a voicemail and copied Mike Olechiw on this email.

You have probably already seen the letter sent from the Alliance to Administrator Pruitt. If you haven't read it yet, the letter basically reiterates Industry's request that the Final Determination be withdrawn and the EPA resume the Midterm Evaluation process with NHTSA.

I am available for any questions or if you would just like to talk.

Best Regards,

Chris Nevers

Vice President, Energy and Environment

Alliance of Automobile Manufacturers

248-794-5002

To: Rick Gezelle (TMNA)[rick.gezelle@toyota.com]
Cc: Olechiw, Michael[olechiw.michael@epa.gov]; Moran, Robin[moran.robin@epa.gov]
From: Charmley, William
Sent: Wed 2/1/2017 6:00:42 PM
Subject: RE: 3 Agency GHG/CAFE Meeting with Toyota [WARNING: DKIM validation failed]

Rick,

Chris did pass this on. I have a meeting tomorrow with Mike and Robin where we will make sure calendar wise this works, and if we have any recommendations for this

I think this is also in line with the discussion you and I had on the Sunday evening dinner with the Alliance in Detroit, where we discussed that EPA and Toyota technical staff should circle back at some point on the various open issues on engines, transmissions, etc.

Mike or I will circle back with you before the end of this week.

Thanks

Bill

From: Rick Gezelle (TMNA) [mailto:rick.gezelle@toyota.com]
Sent: Wednesday, February 01, 2017 12:49 PM
To: Charmley, William <charmley.william@epa.gov>
Subject: 3 Agency GHG/CAFE Meeting with Toyota [WARNING: DKIM validation failed]

Hey Bill.

Lots of communication this week …

I want to confirm that EPA is available the week of March 27. I talked to Chris at the Global Automakers event last week in D.C., and it sounds like he can attend. We plan to have a Managing Officer along with TMC technical experts travel from Japan. The meeting location is likely Washington, D.C., but still not finalized.

We can provide a draft agenda in the next week or so.

Thanks. -Rick

To: Barbara E. Kiss[barbara.kiss@gm.com]; robert.babik@gm.com[robert.babik@gm.com]
From: Charmley, William
Sent: Tue 1/24/2017 9:34:43 PM
Subject: Thank you for GM meeting on January 10 in Detroit

Dear Bob and Barbara,

I wanted to thank both of you and your colleagues at GM for hosting Chris and I and the ARB leadership in Detroit two weeks ago on January 10. It has been a busy two weeks, and I'm a little behind on my thank you notes! Chris and I appreciate both of you, Craig Glidden, Dan Turton and others taking the time to accommodate our request for a discussion. It has always been important to our relationship with GM that we can reach out to each other for an open dialogue.

One topic I did want to follow up on is the technical differences that continue to exist between the EPA staff technical assessment of the technology pathways for the 2025 standards and GM's assessment. Bob mentioned this topic during our meeting on the 10th. The EPA Ann Arbor team and GM have always been open with each other in sharing and discussing technical information, and Bob mentioned during our recent discussion that if seems like that historical ability to work through the technical issues has been compromised by the EPA timeline on the MTE in November-January. I would like to do what I can to repair that relationship.

Ex. 4 - CBI

Ex. 4 - CBI I mentioned this to Barbara in December, but I realize that with the timeline for the comment period for the Proposed Determination that a meeting in December wouldn't work for GM.

Please let me know if this is something that Barbara and others would like to follow-up on.

Best regards,

Bill

To: Chris Nevers[CNevers@autoalliance.org]
From: Charmley, William
Sent: Fri 1/13/2017 3:37:32 PM
Subject: RE: Hearing Request

Dear Chris,

Thank you for your voice mail on this topic. I was on travel in the last few days, but I did get your voicemail.

Regarding the EPA Final Determination – Chris Grundler wanted to call Mitch directly on this, which he told me he did no Thursday afternoon, so I did not give you a call. I hope you were still able to get some heads up on this via Mitch.

Thanks

Bill

From: Chris Nevers [mailto:CNevers@autoalliance.org]
Sent: Wednesday, January 11, 2017 11:58 AM
To: McCabe, Janet <McCabe.Janet@epa.gov>
Cc: grundler.chris@epa.gov; Charmley, William <charmley.william@epa.gov>; james.tamm@dot.gov
Subject: Hearing Request

Dear Acting Administrator McCabe,

Please see the attached request for a hearing on EPA's Proposed Determination Regarding MY 2022-2025 Motor Vehicle Greenhouse Gas Standards. Let me know if you or your staff have any questions.

Best Regards,

Chris Nevers

Vice President, Energy and Environment

Alliance of Automobile Manufacturers

248-794-5002

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Mitch Bainwol
Sent: Mon 1/23/2017 8:48:22 PM
Subject: RE: coverage was incomplete, but wanted to make sure you saw this....

Sorry I missed you – I was at the other end of the office and Sheila couldn't find me. Look forward to connecting later…

From: Grundler, Christopher [mailto:grundler.christopher@epa.gov]
Sent: Monday, January 23, 2017 3:09 PM
To: Mitch Bainwol <MBainwol@autoalliance.org>
Subject: Re: coverage was incomplete, but wanted to make sure you saw this....

Sure. Will try to reach you on my way to airport this afternoon

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

202/564-1682 (Washington DC)

734/214-4207 (Ann Arbor MI)

On Jan 23, 2017, at 2:11 PM, Mitch Bainwol <MBainwol@autoalliance.org> wrote:

Do U have a few minutes to chat later today or tomorrow morn?

Sent from my iPhone

On Jan 17, 2017, at 10:44 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

Actually, i think it is meaningful. I can explain next time we talk

I hope the Car Ball is grand

C

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. Environmental Protection Agency

202/564-1682 (Washington DC)

734/214-4207 (Ann Arbor MI)

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Sent: Tuesday, January 17, 2017 9:24 AM
To: Mitch Bainwol <MBainwol@autoalliance.org>
Cc: Alberto Ayala <Alberto.Ayala@arb.ca.gov>
Subject: Re: coverage was incomplete, but wanted to make sure you saw this....

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From: Mitch Bainwol
Sent: Tue 1/17/2017 4:11:18 PM
Subject: Re: coverage was incomplete, but wanted to make sure you saw this....

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From: Grundler, Christopher
Sent: Tue 1/17/2017 2:23:47 PM
Subject: Re: coverage was incomplete, but wanted to make sure you saw this....

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To: Moran, Robin[moran.robin@epa.gov]
From: NADA Headlines
Sent: Wed 3/22/2017 2:05:25 PM
Subject: Jobs Bounce Debated As Trump Promises CAFE Review

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March 22, 2017

Inside this issue

- Jobs Bounce Debated As Trump Promises CAFE Review
- Auto Makers Target China as New U.S. Trade Rules Loom
- Mexico Stops Sweating Over Fate of NAFTA
- Fiat Chrysler Boss Says 'Waiting in Anticipation' to Meet VW Chief
- Webinar Today: Implementing a Courtesy Transportation Program
- April 5: NADA Quarterly Briefing on Auto Sales and Economy

Top Stories

Jobs Bounce Debated As Trump Promises CAFE Review

President Trump's plan to conduct a second midterm review of federal fuel-economy and carbon-dioxide emissions standards arguably sets right a wrong because the previous examination was rushed through with limited industry input, but whether easing those goals will create jobs is considered debatable.

Quotable

"Trump could revitalize the auto industry."

-- Gary Chaison, an industrial relations labor historian at Clark University in Worcester, Mass., *WardsAuto*, March 21

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Source: WardsAuto

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Auto Makers Target China as New U.S. Trade Rules Loom

Global car makers push Trump to take a harder line over Chinese regulations that protect local companies

Top auto makers, facing the threat of costly North American trade policy changes, want the Trump administration to take a harder line on a market thousands of miles from their home turf. China's car business is attractive to outsiders chasing sales growth, but rules protecting local companies dent profits of global auto giants and force them to share technology with potential rivals. The 25% tariff on vehicle imports makes U.S.-built automobiles too expensive for most buyers in the world's largest auto market.
Source: The Wall Street Journal (subscription required)

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Mexico Stops Sweating Over Fate of NAFTA

Spring couldn't have come soon enough for Mexican officials who worried that the North American Free Trade Agreement might not survive the winter of Donald Trump's ascent. So far, cooler heads on both sides of the border have prevailed, paving the way for negotiations later this year that may find the right mix of concessions to keep the trilateral trading bloc alive for another quarter century.
Source: Automotive News

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Fiat Chrysler Boss Says 'Waiting in Anticipation' to Meet VW Chief

Fiat Chrysler Chief Executive Sergio Marchionne said on Tuesday he was looking forward to meeting Volkswagen boss Matthias Mueller to discuss a possible tie-up between the two carmakers but added he hadn't seen his counterpart in six to seven months. Marchionne has long advocated car industry mergers to share the costs of making cleaner and more technologically advanced vehicles and has repeatedly relayed his desire via the media.
Source: Reuters

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Webinar Today: Implementing a Courtesy Transportation Program

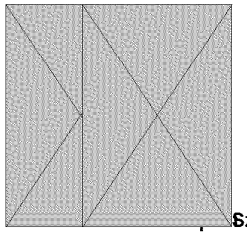
Angela Margolit with Bluebird Auto Rental Systems will highlight the benefits of implementing a courtesy transportation program (CTP) at the dealership. Find out the advantages of CTP tools such as reservation planners, computer-generated loaner agreements, interactive dashboards and more. **Click here** to register.

Date: Wednesday, March 22, 2017

Time: 12 p.m. ET
Duration: 30 minutes
Source: NADA Dealership Operations

[back to top]

April 5: NADA Quarterly Briefing on Auto Sales and Economy


Szakaly

NADA Chairman Mark Scarpelli and NADA Chief Economist Steven Szakaly will share their insights on the overall economy and where it is trending and provide any revisions to NADA's outlook following the first quarter sales results for new cars and light trucks, as well as highlight the key sales indicators and drivers of the retail-auto industry. NADA has forecast sales of 17.1 million new light vehicles for 2017.

When: Wednesday, April 5, 2017
Call-in Time: 11 a.m. ET

Scarpelli is president of Raymond Chevrolet and Raymond Kia in Antioch, Ill., and co-owner of Ray Chevrolet and Ray Chrysler-Jeep-Dodge-Ram in Fox Lake, Ill.

A Q&A session with members of the media and industry will follow the briefing. **Click here** to register.
Source: NADA

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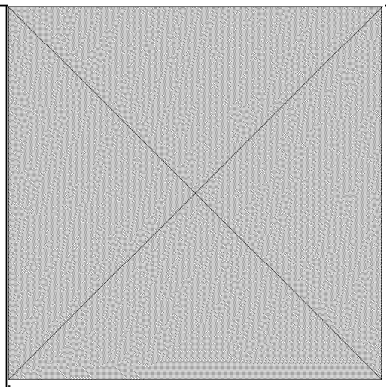
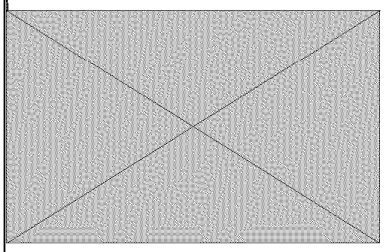
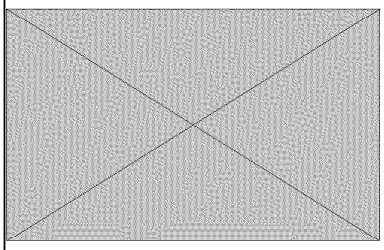
Past Articles:

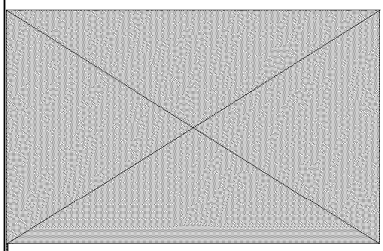
- March 21 - NADA to Hold Quarterly Briefing on Auto Sales and Economy on April 5
- March 20 - With EPA Victory Comes New Uncertainty
- March 17 - Automotive Service Quality Rises Along with Overall Customer Satisfaction, J.D. Power Finds
- March 16 - NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy Standards
- March 15 - Trump Will Offer Boost for Carmakers Today

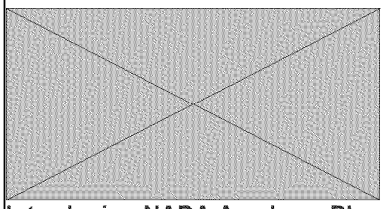
Past Articles:











Introducing NADA Academy Plus

March 22: **Implementing a**

Courtesy Transportation Program (12 p.m. ET)

NADA members can view past webinars on-demand at no charge at **NADA University Online**. Members must create an NADA account before viewing.

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To: Moran, Robin[moran.robin@epa.gov]
From: NADA Headlines
Sent: Mon 3/20/2017 3:57:43 PM
Subject: With EPA Victory Comes New Uncertainty

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March 20, 2017

Inside this issue

- With EPA Victory Comes New Uncertainty
- Auto Industry Says It Still Won't Back Off Fuel-Economy Efforts
- Mack McLarty: Trump Has a Natural Ally in Car Dealers
- Japanese Carmakers Seek Trade Peace with Trump
- March 22 Webinar: Implementing a Courtesy Transportation Program
- NADA Asks for Participation in Workforce Study

Top Stories

With EPA Victory Comes New Uncertainty

Pruitt's views could set up fight with states

Automakers relieved about the EPA's decision last week to reopen a review of Obama-era auto emissions standards now face a new political wild card in EPA Administrator Scott Pruitt. The decision, announced by President Donald Trump during a visit to Michigan, restored a measure of stability to a regulatory process that automakers felt was cut short by the outgoing administration. But Pruitt's views on climate change

Quotable

"As the president works to revitalize communities around the country, the automotive retail industry is poised to play a major role in keeping American factories open and creating good-paying jobs. Indeed, dealerships are exemplars of the small businesses that form the backbone of the American economy."

-- Mack McLarty, chairman of McLarty Cos., a fourth-generation family-owned dealership business in Little Rock, Ark., in a commentary in *Automotive News*, March 20

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and federal power challenge the foundations of the landmark deal they struck with the government in 2012 to reduce greenhouse gas emissions, improve fuel economy and harmonize regulations.
Source: Automotive News

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Auto Industry Says It Still Won't Back Off Fuel-Economy Efforts

Executives from automakers and suppliers gathered at a conference in Dearborn Thursday said looser fuel economy standards might allow for sales of more trucks in areas where they're popular. But otherwise, the pursuit of fuel-efficiency technologies will proceed unabated. [President] Trump came to the Detroit area earlier [last] week to announce that his Environmental Protection Agency will re-examine gas mileage requirements that were affirmed in the Obama administration's last days.
Source: The Associated Press

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Mack McLarty: Trump Has a Natural Ally in Car Dealers

America's car dealerships ... are the paragon of successful Main Street businesses on which [President] Trump heaped praise during his campaign. They are powerful institutions in the Rust Belt and in the heartland, where his message of hope to working-class voters left behind by globalization and technological change most resonated. And they are big employers there, too — supporting tens of thousands of Americans who work as salespeople, mechanics and other critical roles and millions more through business relationships with parts suppliers and other outside vendors.
Source: Automotive News

Mack McLarty is chairman of McLarty Cos., a fourth-generation family-owned dealership business in Little Rock, Ark. He was President Bill Clinton's first White House chief of staff and an adviser to Presidents Jimmy Carter and George H.W. Bush.

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Japanese Carmakers Seek Trade Peace with Trump

Japan's auto market is open, says Hiroto Saikawa, chairman of the Japan Automobile Manufacturers Association, but its carmakers are willing to work with governments in Tokyo and Washington to smooth out disputes over access. "If there are areas where they find difficulty doing business, then we would like to have active discussions and come up with a solution," Saikawa said last week at JAMA's monthly news briefing.
Source: Automotive News

[back to top]

March 22 Webinar: Implementing a Courtesy Transportation Program

Angela Margolit with Bluebird Auto Rental Systems will highlight the benefits of implementing a courtesy transportation program (CTP) at the dealership. Find out the advantages of CTP tools such as reservation planners, computer-generated loaner agreements, interactive dashboards and more. **Click here** to register.

Date: Wednesday, March 22, 2017
Time: 12 p.m. ET
Duration: 30 minutes
Source: NADA Dealership Operations

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NADA Asks for Participation in Workforce Study

NADA reminded members that those who participate in its Dealership Workforce Study by completing a questionnaire and submitting their payroll records will receive two complimentary reports. NADA officials recapped that the reports, titled "Automotive Retail National & Regional Trends in Compensation, Benefits & Retention," is one of the industry's top resources for helping dealers meet their No. 1 challenge of attracting and retaining productive employees.

The report contains clear analysis of the light-vehicle and commercial-truck industry. The report includes national and regional data for 60 car and truck dealership positions. In addition to data on pay, benefits and turnover, the report details the impact of work schedules, gender gap and generational challenges facing dealerships today. Participants will also receive a complimentary individualized comparative report for each participating dealership.

To enroll in the 2017 Dealership Workforce Study, which is open through April 28, visit **www.nadaworkforcestudy.com** and enter your member or company ID. For questions, send an email to WorkforceStudy@nada.org or call (800) 557-6232.
Source: Auto Remarketing

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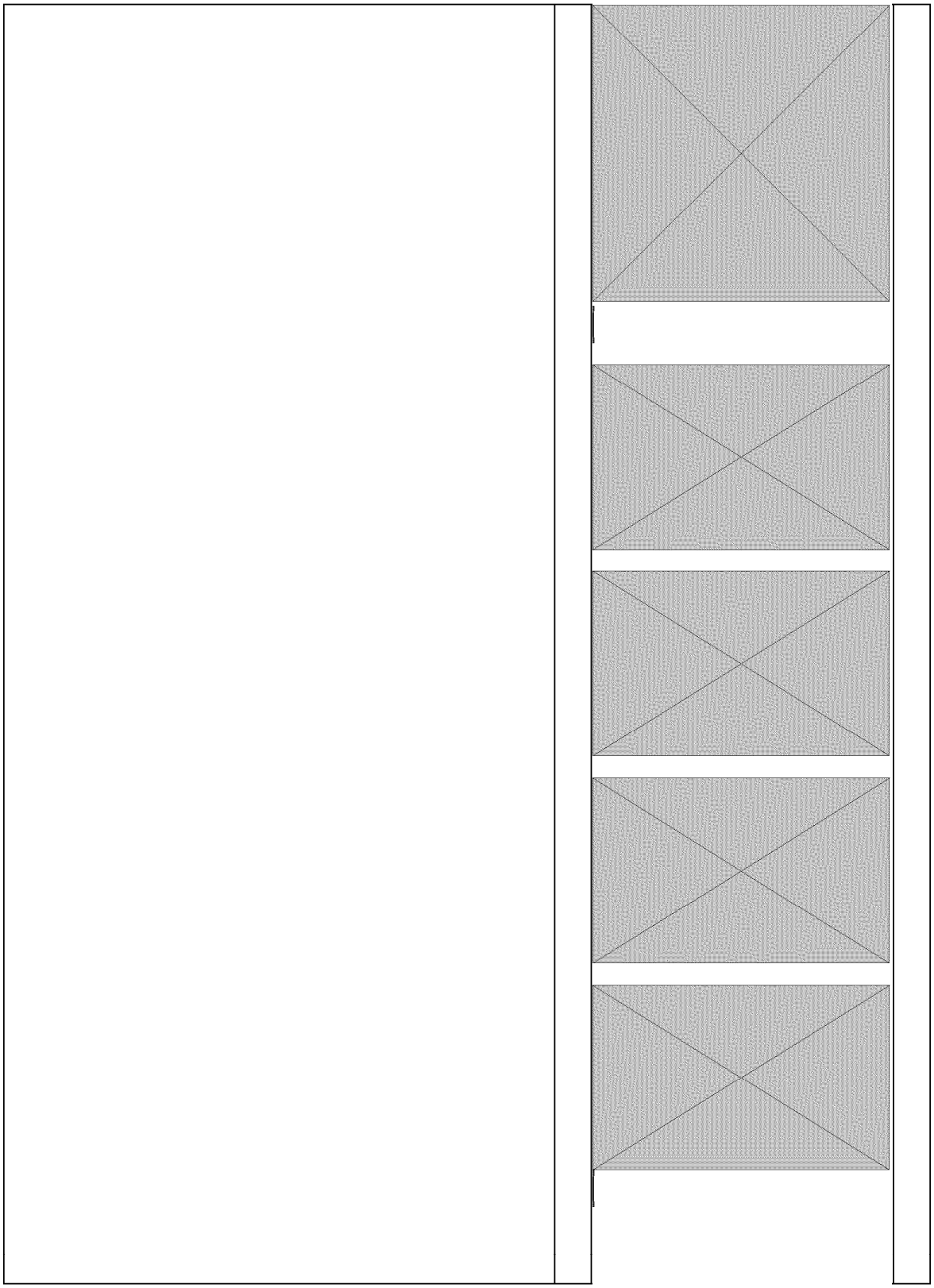
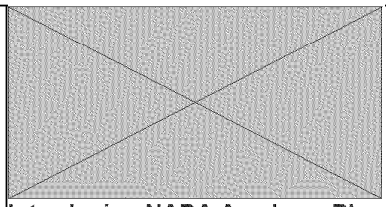
Past Articles

- March 17 - Automotive Service Quality Rises Along with Overall Customer Satisfaction, J.D. Power Finds
- March 16 - NADA Praises Trump Administration for Restarting Midterm Review of Fuel Economy Standards
- March 15 - Trump Will Offer Boost for Slammed Top Dealers
- March 14 - NADA, J.D. Power Automotive Forum: The Voice from Wall Street
- March 13 - Trump Expected to Announce Vehicle Emissions Rules Review





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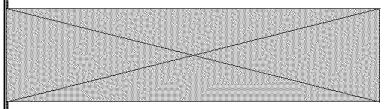

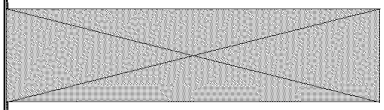

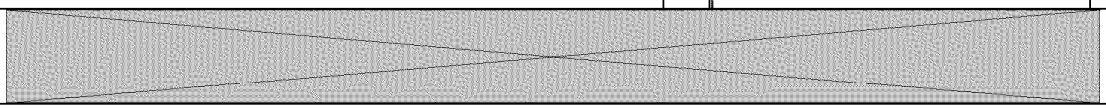

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From: NADA Headlines
Sent: Thur 3/16/2017 2:33:13 PM
Subject: NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy Standards

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March 16, 2017

Inside this issue

- NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy Standards
- EPA Will Reopen Review of 2025 Emissions Rules
- How Fed Hike Will Affect Mortgages, Car Loans, Credit Cards
- Vehicle-Ownership Rate Per Household on the Rise
- Dealerships That Participate in Workforce Study by April 28 Will Receive Two Complimentary Reports

Top Stories

NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy Standards

NADA President and CEO Peter Welch on Wednesday issued the following statement in response to the Trump Administration's decision to restart the midterm review of federal fuel-economy standards, which was circumvented by the Obama Administration's "final determination" of MY 2022-2025 standards in January:

"NADA applauds the Trump Administration for reaffirming our

Quotable

"Maintaining vehicle affordability is critical to actually building on the progress the industry has already made on increasing fuel economy and lowering vehicle emissions. As dealers, our top priority will always be ensuring that working men and women have the ability to purchase the fuel-efficient cars and trucks they need at prices they can afford."

-- NADA President and CEO Peter Welch commenting on President Donald Trump's announcement to reopen the midterm review for fuel-economy standards, *Automotive News*, March 15

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shared commitment to a transparent, fair and data-driven midterm review of fuel-economy standards. Maintaining vehicle affordability is critical to actually building on the progress the industry has already made on increasing fuel economy and lowering vehicle emissions. As dealers, our top priority will always be ensuring that working men and women have the ability to purchase the fuel-efficient cars and trucks they need at prices they can afford."
Source: NADA

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EPA Will Reopen Review of 2025 Emissions Rules

President Donald Trump on Wednesday said his administration will reopen a review of Obama-era auto emissions mandates, welcome news for automakers that argue the strict standards are costly and out-of-touch with market realities. The reopening of the midterm review does not mean the standards will be weakened, but it does give automakers the opportunity to push for relief by lobbying new EPA Administrator Scott Pruitt, who has downplayed the effect humans have on climate.
Source: Automotive News

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How Fed Hike Will Affect Mortgages, Car Loans, Credit Cards

Are mortgage rates going up? How about car loans? Credit cards? With the Federal Reserve having raised its benchmark interest rate Wednesday and signaled the likelihood of additional rate hikes later this year, consumers and businesses will feel it — if not immediately, then over time. "We are in a rising interest rate environment," noted Nariman Behravesh, chief economist at IHS Markit.
Source: The Washington Post

Editor's note: *Nariman Behravesh is among several speakers and panelists slated for the 2017 Automotive Forum hosted by NADA, J.D. Power and the New York International Auto Show -- at the Grand Hyatt New York on April 11.* ***Click here*** *for the full agenda and to register. Seated is limited.*

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Vehicle-Ownership Rate Per Household on the Rise

Perhaps the next "up" to come through your dealer website or walk into the showroom might want to own more than one vehicle. While the rate of ownership of cars and light trucks has steadily declined since its peak a decade ago, it is starting to climb, according to a University of Michigan researcher.
Source: Auto Remarketing

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Past Articles:

- March 15 - Trump Will Offer Boost for Carmakers Today
- March 14 - NADA / J.D. Power Automotive Forum: The View from Wall Street
- March 13 - Trump Expected to Announce Vehicle Emissions Rules Review
- March 10 - Study Warns of Higher Consumer Prices, Job Losses Under Current MPG Rules
- March 9 - Ford's Joe Hinrichs and Toyota's Bob Carter to Speak at 2017 Automotive Forum in NYC on April 11

Dealerships That Participate in Workforce Study by April 28 Will Receive Two Complimentary Reports

NADA and ATD members that participate in the Dealership Workforce Study by completing a questionnaire and submitting their payroll records will receive two complimentary reports.

Automotive Retail: National & Regional Trends in Compensation, Benefits & Retention is the industry's top resource for helping dealers meet their No. 1 challenge of attracting and retaining productive employees. It contains clear analysis of the light-vehicle and commercial-truck industry. The report includes national and regional data for 60 car and truck dealership positions. In addition to data on pay, benefits and turnover, the report details the impact of work schedules, gender gap and generational challenges facing dealerships today. Participants will also receive a complimentary individualized comparative report for each participating dealership.

To enroll in the 2017 Dealership Workforce Study, which is open through April 28, visit **www.nadaworkforcestudy.com** and enter your Member (Company) ID. For questions, send an email to **WorkforceStudy@nada.org** or call 800.557.6232.

Source: NADA Dealership Operations

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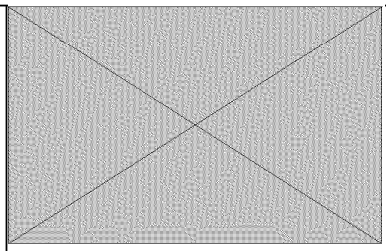

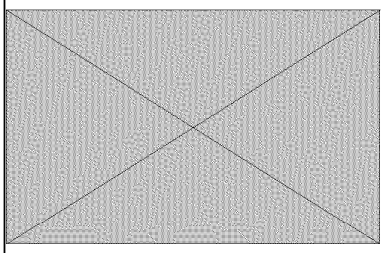

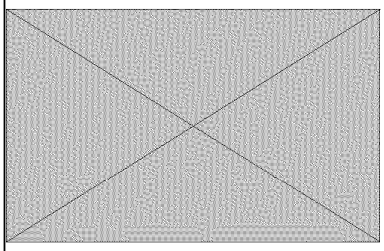

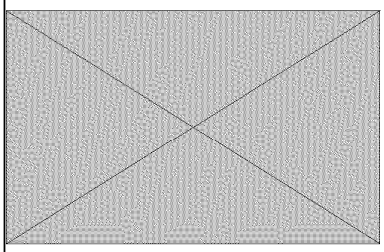

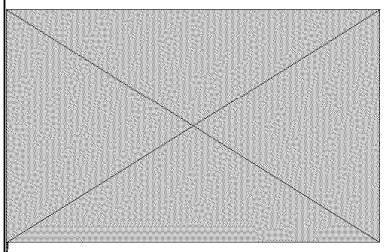

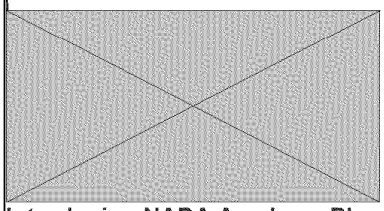

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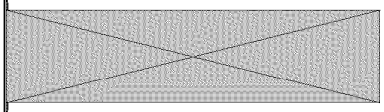

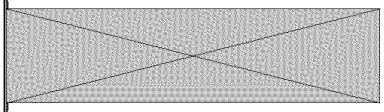

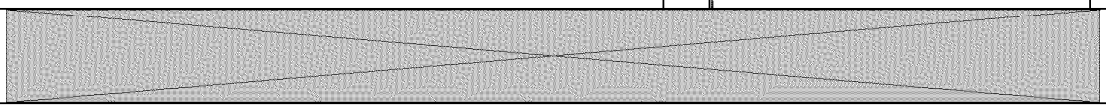

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Trump Will Offer Boost for Carmakers Today

President Donald J. Trump will tell autoworkers and car executives in a Wednesday speech outside Detroit that his administration is reopening an automaker-requested review of a strict fuel economy mandate, a senior White House official said. The Trump official said the administration plans to spend the next year reviewing data and will set gas mileage standards in 2018 that are technically and

Quotable

"The last thing you want to do is to adjust your price. You're going to absorb the cost the best way you can."

-- Carlos Ghosn, head of the Renault SA/Nissan Motor Co. alliance, has encouraged the Trump administration to move fast on NAFTA changes, *The Wall Street Journal*, March 15

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economically realistic and would allow automakers to continue growing and adding jobs.
Source: The Detroit News

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Trump Won't Seek to Roll Back California Vehicle Authority

President Donald Trump will announce the U.S. Environmental Protection Agency will revive a review of the feasibility of strict fuel efficiency standards through 2025, but will not seek to withdraw California's authority to set its own vehicle rules, a White House official said late on Tuesday.
Source: Reuters

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As Trump Targets NAFTA, Car Industry Aims to Roll With the Changes

If proposed taxes prompt auto makers to move more work back to the U.S., many parts suppliers plan to follow

Auto executives say they can adapt to taxes or other curbs on imports, even as industry advocates insist such moves will dent sales and eat into profit. President Donald Trump, traveling to Detroit Wednesday to say his administration will reopen a review of fuel-economy targets, has threatened to upend the North American Free Trade Agreement. The 23-year-old pact led to tens of billions of dollars in new Mexico investments by car companies and their suppliers.
Source: The Wall Street Journal (Subscription required)

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Audi Searched by German Police in Dieselgate Swoop

German prosecutors searched Audi's two biggest plants and other sites on Wednesday in connection with the emissions scandal still rocking parent Volkswagen, adding to pressure on the luxury division and its Chief Executive Rupert Stadler. Volkswagen admitted in September 2015 that up to 11 million of its vehicles worldwide had software installed that cheats emissions tests, unleashing its biggest ever crisis.
Source: Reuters

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Auto Group Will Pay $3.6 Million to Settle FTC Charges

A Los Angeles-based auto group with nine dealerships has agreed to pay more than $3.6 million for return to consumers in order to settle Federal Trade Commission charges that it used deceptive and unfair sales and financing practices, deceptive advertising, and deceptive online reviews. The proposed settlement order, which will be filed in the U.S. District Court for the Central District of California for approval, will prohibit the defendants from making misrepresentations

relating to their advertising, add-on products, financing, and endorsements or testimonials.
Source: FTC

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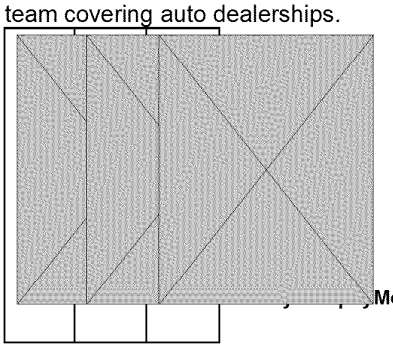
2017 Automotive Forum to Discuss 'The View from Wall Street' on April 11

"The View from Wall Street" is among several topics and panel sessions slated for the 2017 Automotive Forum in New York City next month ahead of the auto show. The Wall Street panel speakers are John Murphy, managing director and lead U.S. auto analyst in equity research for Bank of America Merrill Lynch, and Michael Montani, managing director and analyst on Evercore ISI's consumer research team covering auto dealerships.



Montani

Stephen Girsky, managing partner of VectolQ, an independent advisory firm based in New York, will moderate a panel discussion with Murphy and Montani. Girsky served in numerous capacities at General Motors from November 2009 until July 2014.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York on April 11, 2017. For the full agenda or to register, visit **www.autoforumny.com**. Seating is limited, so register today. Attendees will receive access to the auto show during press days starting April 12.
Source: NADA

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- NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era' *(NADA Headlines)*

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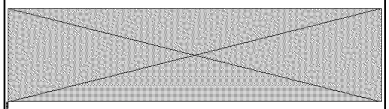

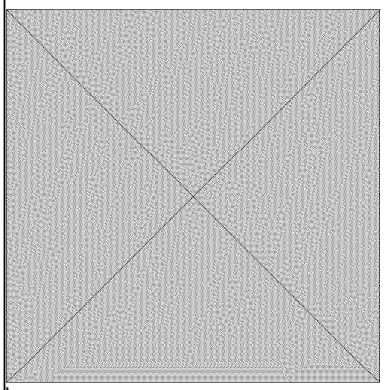

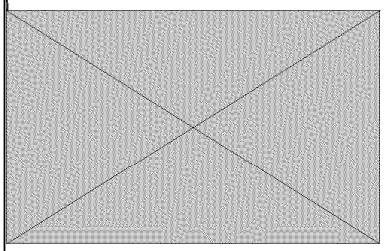

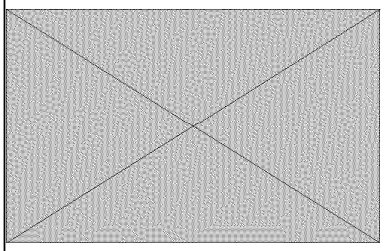

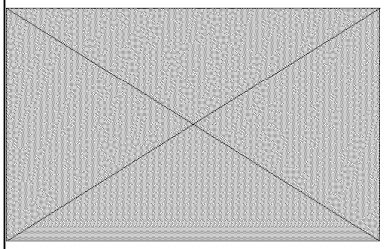

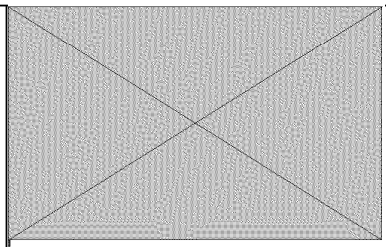

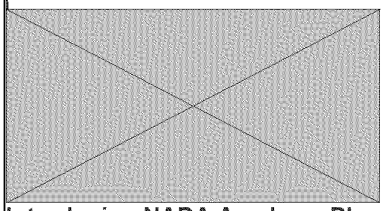

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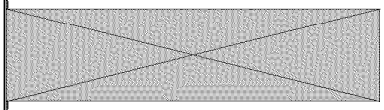

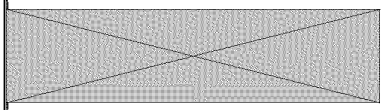

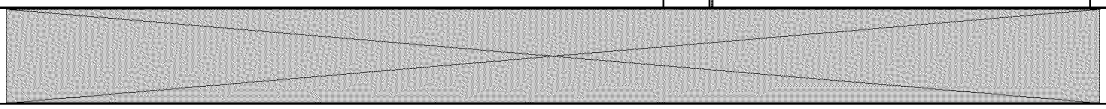

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- Big Tech Reshaping Auto Supply Chain With Latest Deals
- Volkswagen CEO Says Not Ruling Out Merger Talks with Fiat Chrysler
- We're in an 'Arms Race' for Smart People: Bill Ford

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NADA / J.D. Power Automotive Forum: The View from Wall Street

"The View from Wall Street" is among several topics and panel sessions slated for the 2017 Automotive Forum in New York City next month ahead of the auto show. The Wall Street panel speakers are John Murphy, managing director and lead U.S. auto analyst in equity research for Bank of America Merrill Lynch, and Michael Montani, managing

Quotable

"We are committed to continued gains in fuel efficiency and carbon reduction. At the same time, ignoring consumer preferences and market realities will drive up costs for buyers and threaten future production levels."

-- Auto industry executives wrote in a letter to President Donald Trump, Bloomberg, March 14

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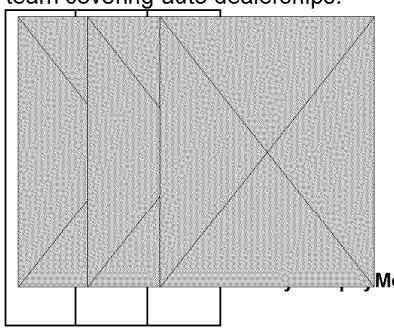
director and analyst on Evercore ISI's consumer research team covering auto dealerships.



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Source: NADA

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Trump Answers Auto Industry Call for Review of $33 Billion Rules

When President Donald Trump visits the Detroit area this week, he'll come bearing a gift: a first step toward relaxing rules that could cost automakers about $33 billion. Trump will announce as part of a visit to Ypsilanti, Michigan, on Wednesday that his administration will begin re-examining fuel-economy standards set by the Obama administration, according to two people familiar with the plans. He'll speak with workers and executives at carmakers that have sought to relax the rules, which the Environmental Protection Agency tried to solidify during the final days of Barack Obama's presidency.
Source: Bloomberg

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Volkswagen CEO: U.S. Remains 'Core Market' for Company

The CEO of German automaker Volkswagen says the United

States remains a "core market" for the company despite its diesel emissions scandal and has underlined that it hopes to expand there. Matthias Mueller made the comments Tuesday at the company's annual news and investor conference at its headquarters in Wolfsburg, Germany.
Source: The Associated Press

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Big Tech Reshaping Auto Supply Chain With Latest Deals

Intel Corp. sent a fresh shock wave through the automotive supply chain, becoming the latest tech company to gobble up a specialized car components supplier. The Silicon Valley company's $15 billion acquisition of Mobileye NV could unsettle established auto makers, but it may be the type of big bet needed to populate roads with self-driving vehicles.
Source: The Wall Street Journal (Subscription required)

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Volkswagen CEO Says Not Ruling Out Merger Talks with Fiat Chrysler

Volkswagen Chief Executive Matthias Mueller said he did not rule out he could hold merger talks with Fiat Chrysler boss Sergio Marchionne, in a marked change of tone by the German carmaker toward its Italian-American peer. "I am not ruling out a conversation," Mueller told journalists after VW's annual results news conference.
Source: Reuters

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We're in an 'Arms Race' for Smart People: Bill Ford

The frenetic race to develop autonomous vehicles features a lot of bold claims, management wooing and screaming headlines. Sleep while your car drives! Come work for us and change the world! Technology secrets stolen! Sounds like deja vu to Bill Ford, chairman of Ford Motor and great-grandson of Henry Ford.
Source: USA Today

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- March 9 - Ford's Joe Hinrichs and Toyota's Bob Carter to Speak at 2017 Automotive Forum in NYC on April 11
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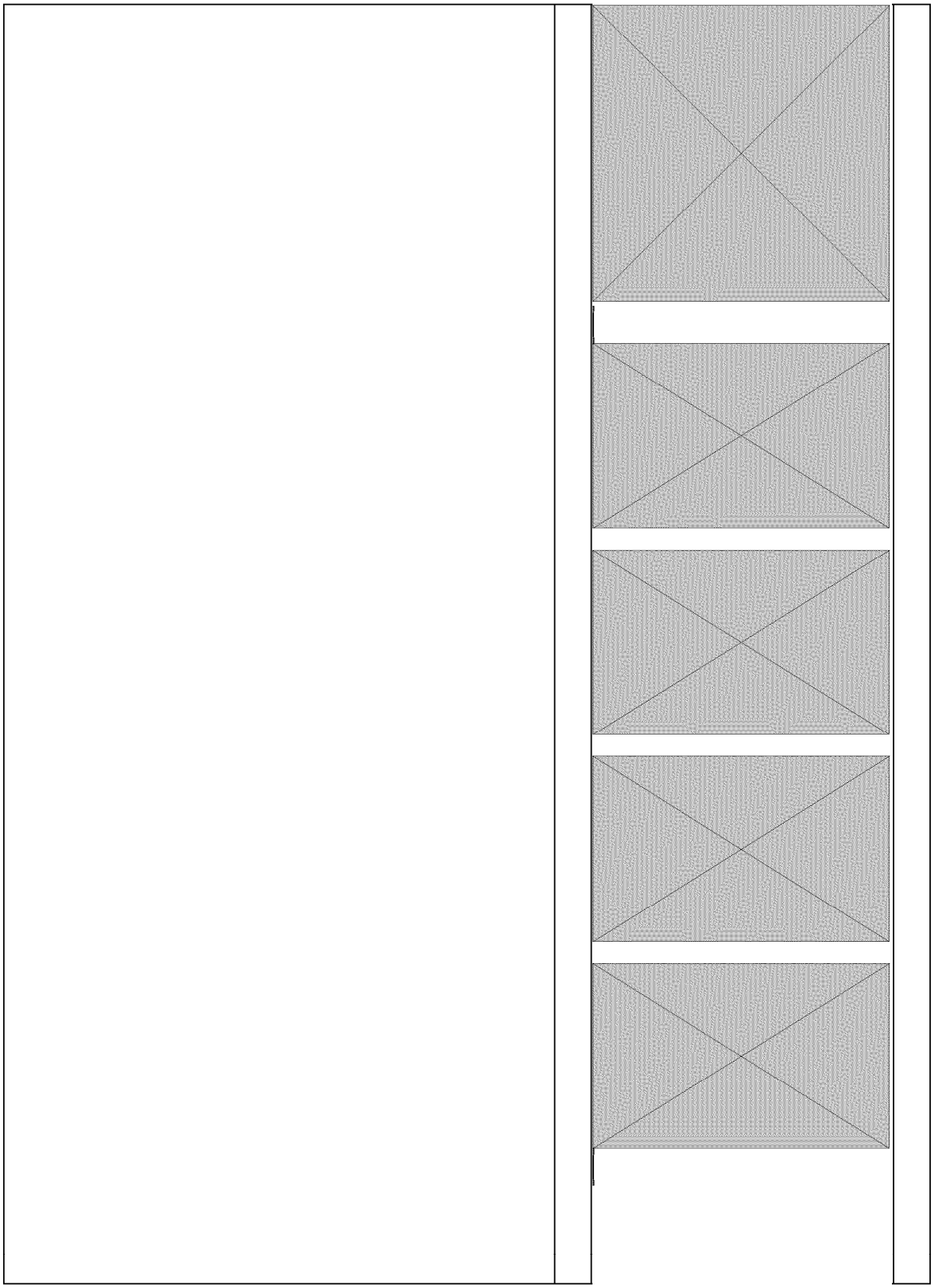

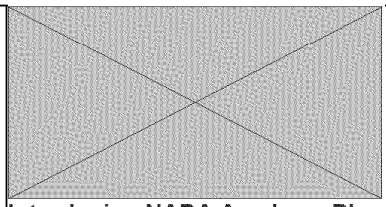

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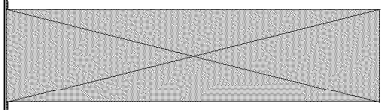

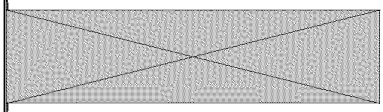

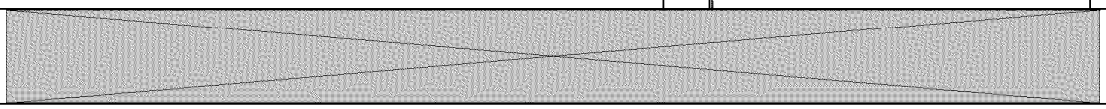

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Trump Expected to Announce Vehicle Emissions Rules Review

U.S. President Donald Trump is expected announce a restart of a review of vehicle fuel efficiency rules sought by the auto industry at an event on Wednesday with the chief executives of U.S. automakers, according to two sources briefed on the matter. Trump is expected to visit Ypsilanti, Michigan, a Detroit suburb, to tout his administration's decision to revive a

Quotable

"Our overall philosophy is that every country, every market segment has to earn its cost of capital."

-- General Motors CEO Mary Barra, commenting on future efforts to pare its portfolio, *Automotive News*, March 13

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review of the feasibility of the 2022 through 2025 vehicle emissions rules, after the Obama administration moved in its final days to lock in the rules.
Source: Reuters

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U.S. Auto Recalls Hit Record High 53.2 Million in 2016

The U.S. Transportation Department said automakers recalled a record high 53.2 million vehicles in 2016 in the United States in part because of a massive expansion in callback to replace Takata Corp. air bag inflators.
Source: Reuters

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Volkswagen Apologizes, Pleads Guilty to Fraud

The investigation, along with its cover-up, has forced Volkswagen to agree to civil settlements worth about $17 billion for U.S. consumers and dealers who own the automaker's diesel vehicles

U.S. District Judge Sean Cox on Friday accepted a guilty plea from Volkswagen after an executive for the automaker admitted to three federal charges in connection with its diesel emissions scandal.
Source: Detroit Free Press

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GM Isn't Done Pruning

International markets and North American cars could be targets

After pulling the trigger on a sale of its European operations, General Motors signaled that it's willing to cut off more vestigial corners of its business in a decidedly unsentimental drive to improve its profit margins and stock price. CEO Mary Barra made clear last week that the Opel deal is not the end of the automaker's effort to pare its portfolio, though other moves under consideration are unlikely to have the sweeping impact of effectively abandoning one of the world's largest and most mature markets.
Source: Automotive News

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Keith Crain: A New Powerhouse Emerges

Few folks took notice of Carlos Tavares when Carlos Ghosn sent him to Nashville to run the entire Western Hemisphere for Nissan Motor Co. Tavares did well enough to be recalled to France to help Ghosn. But they had a falling out and Tavares found himself unemployed. It didn't take long, though, for the automotive ugly duckling of Europe, PSA, to snatch up Tavares as CEO. What he did to turn around PSA, a combination of a few struggling brands, was nothing short of remarkable. He transformed PSA into a powerhouse and

the icing on the cake was the planned purchase of General Motors' European assets.
Source: Automotive News

Keith Crain is editor-in-chief of Automotive News.

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VW Reveals New Product, Sales Strategies for U.S.

Volkswagen, the German automaker known mostly in the U.S. as a small-car company that sold diesels, is going to transform itself into a family-friendly SUV-oriented brand, VW's top U.S. official tells reporters [in Geneva]. Hinrich Woebcken, CEO-North American Region, also confirms VW no longer will sell diesel-powered vehicles in the U.S. and will focus instead on becoming a leading player in battery electric vehicles beginning in 2020.
Source: WardsAuto

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California to Give Green Light to Truly Driverless Cars

Cars with no steering wheel, no pedals and nobody at all inside could be driving themselves on California roads by the end of the year, under proposed new rules that would give a powerful boost to the technology from the nation's most populous state.
Source: The Associated Press

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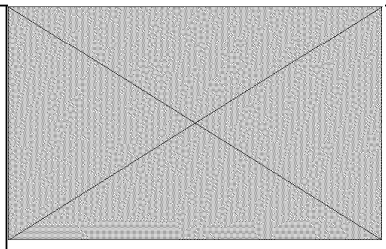

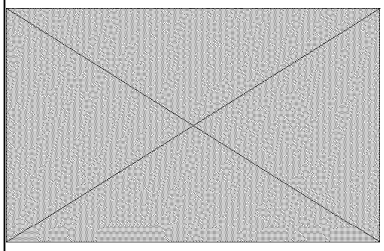

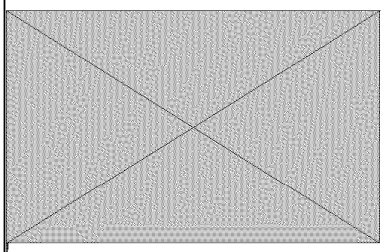

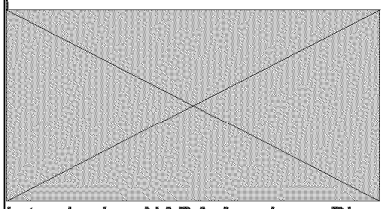

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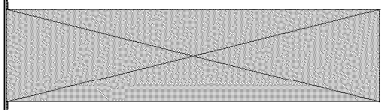

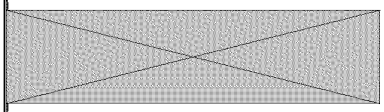

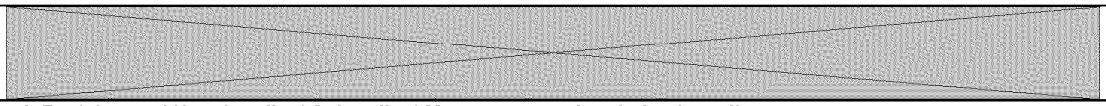

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Study Warns of Higher Consumer Prices, Job Losses Under Current MPG Rules

As President Donald Trump weighs easing U.S. fuel-economy rules, an automaker-funded study offered support

Quotable

"Our findings don't call into question the need for regulation but we found that the federal requirements need to be fine-tuned. Due to unexpectedly low gas prices and tepid demand for electric and hybrid vehicles, the standards will have greater economic impact than envisioned when they were developed."

-- John Graham, a co-author of an Indiana University study on fuel-economy rules and the impact on vehicle cost and employment, Bloomberg/*Automotive News*, March 9

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Automotive Forum -- April

based on looming cost increases for consumers and a short-term drop in industry employment. U.S. consumers may pay an average premium of more than $1,800 per vehicle by 2025 due to tougher fuel economy and emissions targets, according to the Indiana University study, which was conducted over 18 months and funded by the Alliance of Automobile Manufacturers. Employment losses will peak at about 150,000 in 2021, as consumers will shy away from buying costlier cars and trucks, said John Graham, a co-author of the study.
Source: Bloomberg/Automotive News

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Trump's EPA Chief Says He's Addressing a Rule That Automakers Oppose 'Very Soon'

Environmental Protection Agency chief Scott Pruitt said Thursday he expects an announcement rolling back fuel economy rules "very soon." Automakers have expressed concern about the rules set during the Obama administration, which would have pushed auto fuel economy standards to 54.5 mpg by 2025. Some companies have said the Corporate Average Fuel Economy, or CAFE, standard would boost regulatory compliance costs. Pruitt, who has pledged to roll back what he deems burdensome regulations, told CNBC that American automakers wanted to evaluate those standards. He said he believes the rule-making process was rushed.
Source: CNBC

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Foreign-Car Dealers Urge Congress to Reject Border Tax

About 250 foreign-car dealers from around the country spread out across Capitol Hill on Thursday to meet with lawmakers and urge them to reject a House Republican plan for a new tax on imports. Members of the American International Automobile Dealers Association, which represents 9,500 franchises, told members of Congress that the border-adjustment tax would hurt sales. They point to a study by the Center for Automotive Research that the tax could lead to a 5.6 percent increase in prices in the overall market, or an estimated average of $1,970 per vehicle.
Source: The Detroit News

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Volkswagen Set to Plead Guilty on Friday in Emissions Case

Volkswagen AG is set to plead guilty on Friday to three felony counts in the Justice Department's diesel emissions investigation, as the German automaker seeks to move past its cheating scandal. As part of a plea agreement with U.S. prosecutors announced in January, the company agreed to sweeping reforms, new audits and oversight by an independent monitor for three years after it admitting to installing secret software in vehicles to enable it to beat

emissions tests over a six-year period.
Source: Reuters

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BMW's Struggles in the U.S. Hit Overall Earnings

The self-proclaimed ultimate driving machine has hit a pothole in the world's most important luxury market. BMW AG's U.S. operation helped fuel the German auto maker's rise, but it is now struggling to keep pace in the cutthroat American market. The company, whose BMW brand reported its first U.S. sales decline in seven years, needs a jump start so it can fund a spate of ambitious technology products.

New SUVs from smaller luxury competitors, including Jaguar and Land Rover, have added pressure on BMW at the same time some of its hallmark vehicles—including the 5-Series—need to be refreshed. Brian Allan, senior director of Galpin Motors, a Los Angeles dealership that sells brands such as Lincoln, Volvo and Jaguar, said it doubled its sales of Jaguar vehicles in 2016, with sales of the F-Pace SUV accounting for 30% of the increase. Sales of Volvo vehicles rose 50% at the dealership in 2016, driven almost exclusively by the XC90 SUV.
Source: The Wall Street Journal (Subscription required)

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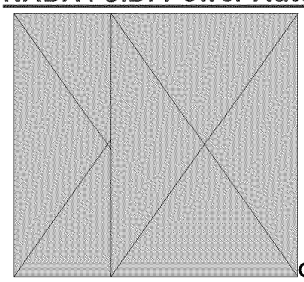
Ford's Hinrichs and Toyota's Carter Slated for NADA / J.D. Power Automotive Forum


Carter

Joe Hinrichs, executive vice president and president, The Americas, Ford Motor Company, will sit down for a fireside chat with Jason Stein, publisher of *Automotive News*. Bob Carter, senior vice president of automotive operations for Toyota Motor Sales, U.S.A., will discuss "Mobility for the Next 50 Years: Cars, Technology, Safety and Mobility Solutions for Everyone," followed by a Q&A session with Finbarr O'Neill, president of J.D. Power.

Hinrichs and Carter are among several speakers and panel sessions scheduled at the 2017 Automotive Forum at the Grand Hyatt New York on April 11. The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show.

For the full agenda or to register, visit

www.autoforumny.com. Attendees will receive exclusive access to the auto show during press days starting on April 12.
Source: NADA

Related article:

- NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era' *(NADA Headlines)*

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NHTSA Says to Check for Recalls with Daylight Saving

It's that time of year again – daylight saving time – when we check our smoke alarms and set our clocks forward to spring ahead. Why not protect yourself and your loved ones against possible vehicle safety defects, too? This weekend the National Highway Traffic Safety Administration (NHTSA) is recommending consumers use the daylight saving time schedule to take a simple safety step and check their VIN to see if their vehicle is under a recall.

Consumers can use NHTSA's free **VIN Look-up Tool** on NHTSA.gov to see if their vehicle manufacturer or NHTSA has determined that there is a defect in their vehicle. If consumers are new to the process, they can also watch this step-by-step **video** on how to check their VIN and find out

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- March 3 - Mexico Economy Minister to Meet with Ford, GM in Detroit

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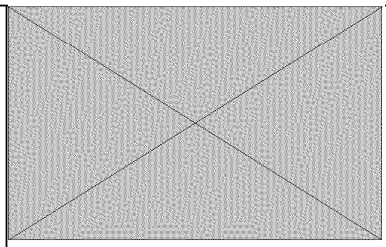
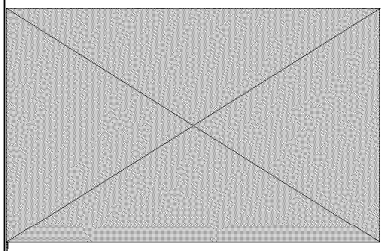
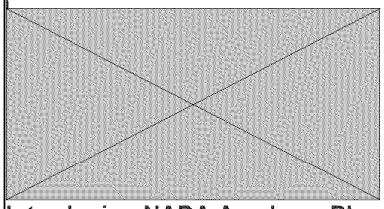
more about how recalls work.

NHTSA also wants to give you the chance to be part of the safety conversation. Join the agency this weekend, on March 12, 2017 from 1-4 p.m. ET, for our Daylight Saving Time Tweet-Up. Get answers to your questions and give your input on Twitter, using the hashtag #CheckforRecalls, and tag @NHTSAgov.

Source: NHTSA







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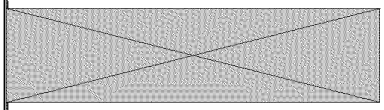

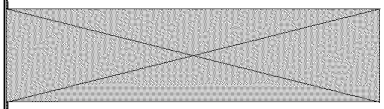

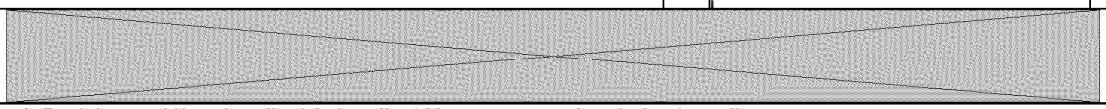

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NADA / J.D. Power Automotive Forum to Discuss 'Policy and Regulation in the Trump Era'

EPA Expected to Revisit Rules on 2025 MPG Targets

The EPA is expected to announce next week it will reopen a review of 2022-25 vehicle emissions requirements after

Quotable

"This is a price increase, and the consumer will bear an awful lot of the burden."

-- Michigan State University professor of economics Charles Ballard, commenting on proposals for a border tax, *Detroit Free Press*, March 4

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Automotive Forum -- April

With the new administration underway, leaders representing new-car dealerships and auto manufacturers will assess the regulatory environment going forward and discuss how several Republican policy objectives – including tax reform and infrastructure investment – will impact the automotive manufacturing and retail sectors.

The panelists are Peter Welch, president and CEO of the National Automobile Dealers Association; Mitch Bainwol, president of CEO of the Alliance of Automobile Manufacturers; and John Bozzella, president and CEO of Global Automakers. Mike Allen, co-founder and executive editor of *Axios*, and a co-founder of *POLITICO*, will moderate the panel discussion.

The discussion is among several speaker and panel sessions scheduled at the 2017 Automotive Forum in New York City on Tuesday, April 11.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York.

Registration is open. For the full agenda or to register, visit **www.autoforumny.com**. Forum attendees receive exclusive access to the auto show during press days.
Source: NADA

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automakers urged the Trump administration to reverse a decision under former President Barack Obama, a source said on Friday. Last week, trade groups representing General Motors Co., Toyota Motor Corp., Volkswagen AG, Ford Motor Co., Honda Motor Co. and others formally asked new EPA Administrator Scott Pruitt to withdraw an Obama administration decision to lock in vehicle emissions rules through 2025.
Source: Reuters/Automotive News

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An Import Tax Could Raise Car Prices by Thousands

Proposals for a border tax to pay for a wall with Mexico and encourage increased manufacturing in the U.S. would add hundreds to thousands of dollars to the cost of every car and truck sold here, including those assembled in American factories. There's even a risk the tax could raise prices and

reduce sales so much that the U.S. loses manufacturing jobs, according to the Motor Equipment Manufacturers Association, the umbrella group for several supplier associations representing 1,000 companies. Analysts, associations and experts say the tax could add $2,000 to $2,500 to the average cost of a vehicle sold in the U.S.

The supply chain for parts and vehicles made in the U.S., Canada and Mexico is among the most closely integrated in the world. Some raw materials components cross borders many times in the manufacturing process, potentially being taxed repeatedly before a finished vehicle ships to the dealership, said David Andrea, vice president for research at the Center for Automotive Research.

"Companies that rely on global supply chains would face huge business challenges caused by increased taxes and increased cost of goods, which would, in turn, likely result in reductions in employment, reduced capital investments and higher prices for consumers," Mark Scarpelli, chairman of the National Auto Dealers Association, wrote in a letter to the House Ways and Means committee. NADA represents 16,500 auto dealers from all brands.
Source: Detroit Free Press

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Mexico Official: NAFTA Must Be Win-Win-Win

It's time to renegotiate the North American Free Trade Agreement so that all three countries in it benefit, Mexico's economy minister said. "NAFTA is a 23 year-old agreement," Ildefonso Guajardo Villarreal, Mexico's Secretary of the Economy, told the Detroit Economic Club on Friday at the MotorCity Casino Hotel. "When we were negotiating it, we didn't have cellphones, e-commerce didn't exist. We need to (improve and modernize it)."
Source: The Detroit News

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Online Businesses Could Do More to Protect their Reputations and Prevent Consumers from Phishing Schemes

In a **study** released March 3, the Federal Trade Commission's Office of Technology Research and Investigation (OTech) reports that most major online businesses are using proper email authentication technology to prevent phishing emails, but few of these businesses are taking full advantage of the latest technologies to combat phishing.

Phishing is a type of online scam that targets consumers by sending them an e-mail that appears to be from a well-known source such as an internet service provider, a bank, or a mortgage company. It asks the consumer to provide personal identifying information, and then the scammer uses the information to open new accounts or invade the consumer's existing accounts.

Source: FTC

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- Feb. 27 - Mexico Warns U.S. It'll Cut Off NAFTA Talks If Tariffs Proposed

Dealer Volunteers Wanted for NADA / Junior Achievement Financial Literacy Program

NADA has partnered with Junior Achievement USA to teach financial educational courses to students in grade schools and high schools. "A goal of the partnership is to get new-car dealers or dealership representatives in communities across the country to become volunteers in the program," said Michele Primm, managing partner of Cascade Auto Group in Cuyahoga Falls, Ohio, who is providing financially-focused curriculum to students in her local school district through Junior Achievement. For more information on how to become a volunteer, contact Deb Stevens at dstevens@nada.org or call 703.827.8881.

Source: NADA

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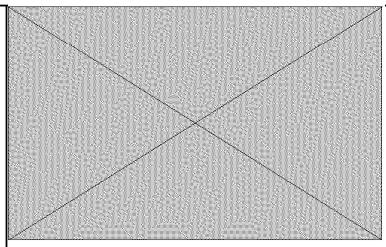

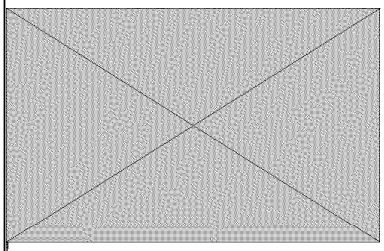

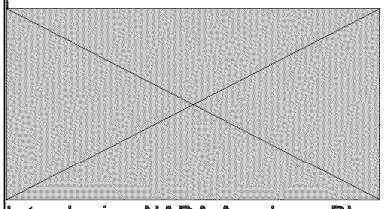

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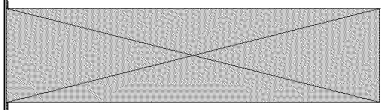

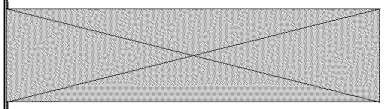

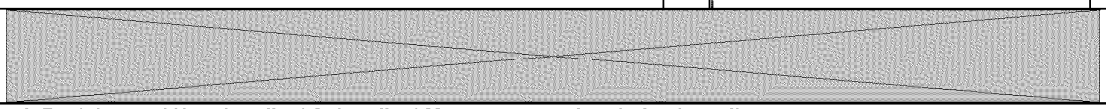

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- Vehicle Dependability Takes Hit in J.D. Power Study
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Ghosn Steps Down as Nissan CEO, Hands Reins to Saikawa as Focus Shifts

Carlos Ghosn, the long-serving chief executive who rescued Nissan Motor Co. from bankruptcy, is stepping down as CEO, having nearly finished his latest business plan and driven the Renault-Nissan Alliance to new heights with the acquisition of Mitsubishi Motors Corp.
Source: Automotive News

Quotable

"For consumers that love the brand, they think that (the buyback program is) a double win."

-- Jason Kuhn, chairman of Kuhn Automotive Group with multiple dealerships in Florida, commenting on Volkswagen's buyback program, *The Wall Street Journal*, Feb. 22

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Automotive Forum -- April

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Forecast: U.S. February Sales to Reach 16-Year High

A WardsAuto forecast calls for U.S. automakers to deliver 1.34 million light vehicles in February, a 16-year high for the month. A daily sales rate of 55,949 units over 24 days represents a 0.1% improvement from like-2016 (also 24 days). The report puts the seasonally adjusted annual rate of sales for the month at 17.70 million units, compared with year-ago's 17.60 million and January's 17.48 million mark.
Source: WardsAuto (Subscription required)

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Auto Lobby to Feds: Pump the Brakes on Mileage Rules

[The Washington, D.C.-based Alliance of Automobile Manufacturers] is pushing new U.S. Environmental Protection Agency Administrator Scott Pruitt to reverse a decision by the Obama administration to finalize stringent fuel economy rules that are estimated to add at least $2,000 to the sticker price of a vehicle. "The alliance requests that the EPA withdraw the Final Determination and resume the midterm evaluation on the original timetable, to remedy the severe procedural and substantive defects that have infected the process to date," [Auto Alliance President Mitch] Bainwol wrote to the new EPA chief.
Source: The Detroit News

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Volkswagen Buybacks Fill Showrooms; Trick Is Getting Owners to Stay

VW could experience a tailwind for the foreseeable future, as the program extends through 2018 and only about one-fifth of eligible owners have taken advantage

Volkswagen AG has bought back or terminated the leases of 125,000 diesel vehicles from owners affected by the company's emissions-cheating scheme, helping spur showroom traffic in recent months for hundreds of U.S. dealers who weathered brutal sales declines in the wake of the scandal.
Source: The Wall Street Journal (Subscription required)

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Vehicle Dependability Takes Hit in J.D. Power Study

Technology-related problems contributed to a worsening in dependability for a second consecutive year in the J.D. Power and Associates Vehicle Dependability Study. The study, which looked at problems reported in the past 12 months by owners of 2014 model-year vehicles, found an industry average of 156 problems per 100 vehicles. The previous study released in 2016 found 152 problems per 100

vehicles. As high-tech gadgetry filters down through all levels of vehicles, more problems are being registered by owners.
Source: The Detroit News

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2017 NADA Dealership Workforce Study Open for Participation

For participating in the study, dealerships will receive two complimentary reports.

With a retail workforce topping 1 million and the industry poised for growth, dealerships need to focus on hiring and keeping talented employees. The NADA Dealership Workforce Study (DWS) provides one-of-a-kind analysis of dealership pay plans and benefit packages, retention and turnover, employee benefits, work schedules and demographics. It is based on actual payroll data and questionnaire responses submitted by NADA and ATD members. **The DWS is open for participation now through April 28, 2017, at www.nadaworkforcestudy.com**.

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Source: NADA Dealership Operations

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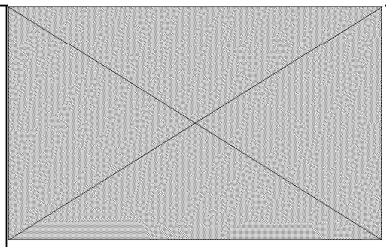

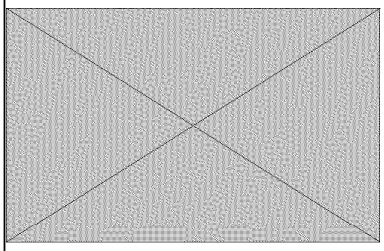

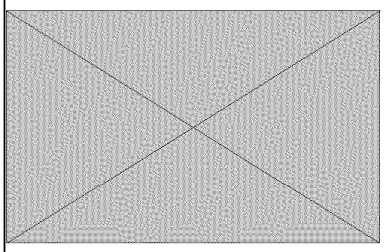

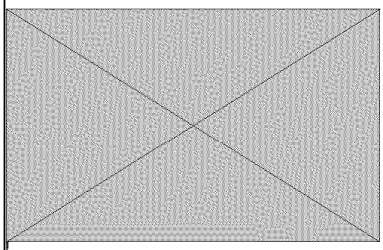

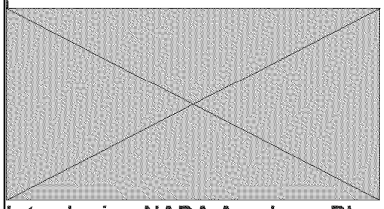

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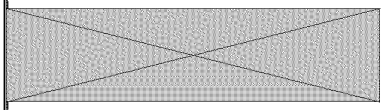

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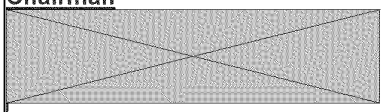

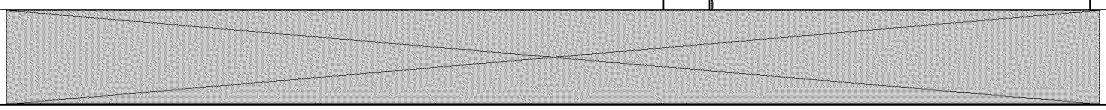

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February 22, 2017

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Automakers Urge New EPA Chief to Withdraw Obama Car Fuel-Efficiency Rules

A trade association representing General Motors Co., Toyota Motor Corp., Volkswagen AG and nine other automakers on Tuesday asked new Environmental Protection Agency chief Scott Pruitt to withdraw an Obama administration decision to lock in vehicle emission rules through 2025. On Jan. 13, then-EPA Administrator Gina McCarthy finalized a determination that landmark fuel efficiency rules instituted by President Barack Obama should be finalized through 2025, a bid to

Quotable

The decision was "the product of egregious procedural and substantive defects" and is "riddled with indefensible assumptions, inadequate analysis and a failure to engage with contrary evidence."

-- Mitch Bainwol, president and chief executive of the Alliance of Automobile Manufacturers, in a letter asking new EPA chief Scott Pruitt to withdraw an Obama administration decision to lock in vehicle emission rules through 2025, Reuters, Feb. 21

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maintain a key part of his administration's climate legacy.

Mitch Bainwol, president and chief executive of the Alliance of Automobile Manufacturers, said in a letter to Pruitt the decision was "the product of egregious procedural and substantive defects" and is "riddled with indefensible assumptions, inadequate analysis and a failure to engage with contrary evidence." Automakers have argued that the rules could result in the loss of up to 1 million jobs because consumers could be less willing to buy the more fuel efficient vehicles since their engineering will result in higher price tags.

The EPA had until April 2018 to decide whether the 2025 standards were feasible but in November moved up its decision to Jan. 13, just before Obama left office. Separately, the Association of Global Automakers, a trade group representing Honda Motor Co., Nissan Motor Co Ltd., Hyundai Motor Co. and others, said late Tuesday it had formally petitioned the EPA to withdraw the determination. The group argued in a separate letter to Pruitt Tuesday reviewed by Reuters that "EPA opted for political expediency" and "jammed through a final determination in the waning days of the lame-duck administration."
Source: Reuters

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Lexus Most Dependable Brand for 6th Straight Year, J.D. Power Says

Mercedes, Hyundai, BMW, Jaguar join Top 10; GMC, Acura, Ram and Lincoln fall from Top 10

Lexus and Porsche are the most dependable brands after three years of vehicle ownership, while Toyota leads non-premium labels, according to a J.D. Power study. It is the sixth consecutive year that Lexus topped J.D. Power's annual U.S. Vehicle Dependability Study, released Wednesday. The streak puts Lexus halfway to tying its record of 12 consecutive titles for most dependable brand between from 1997 to 2008. Toyota, Buick and Mercedes-Benz rounded out the top five brands overall. Mercedes, Hyundai (No. 6), BMW (No. 7) and Jaguar (No. 10) were newcomers to the Top 10 this year, while GMC, Acura, Ram and Lincoln dropped out.
Source: Automotive News

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AutoNation Puts Service and Parts at the Center of Its New Branding Campaign

AutoNation Inc. is spending big to win back its car and truck buyers who have defected to aftermarket service and parts competitors -- or to keep them from straying in the first place. It intends to hold onto these customers for life. "We aim to deal with every need our customers have," Bill Berman, AutoNation's president, told Fixed Ops Journal during an interview at the company's headquarters here."Whether it's

an oil change or selling parts, we don't want to lose any customer to an independent."
Source: Fixed Ops Journal (Automotive News)

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Ford Wants Your New Car to Pick a Song - or Tell a Joke

Ford wants the self-driving cars of the future to be better listeners and observers: It's aiming to build vehicles that pick up on the smallest changes in drivers' vocal inflections and facial expressions, and adapt the drive accordingly. The company is partnering with a German technology university to create advanced in-car microphone and camera systems.
Source: The Detroit News

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Source: NADA Dealership Operations

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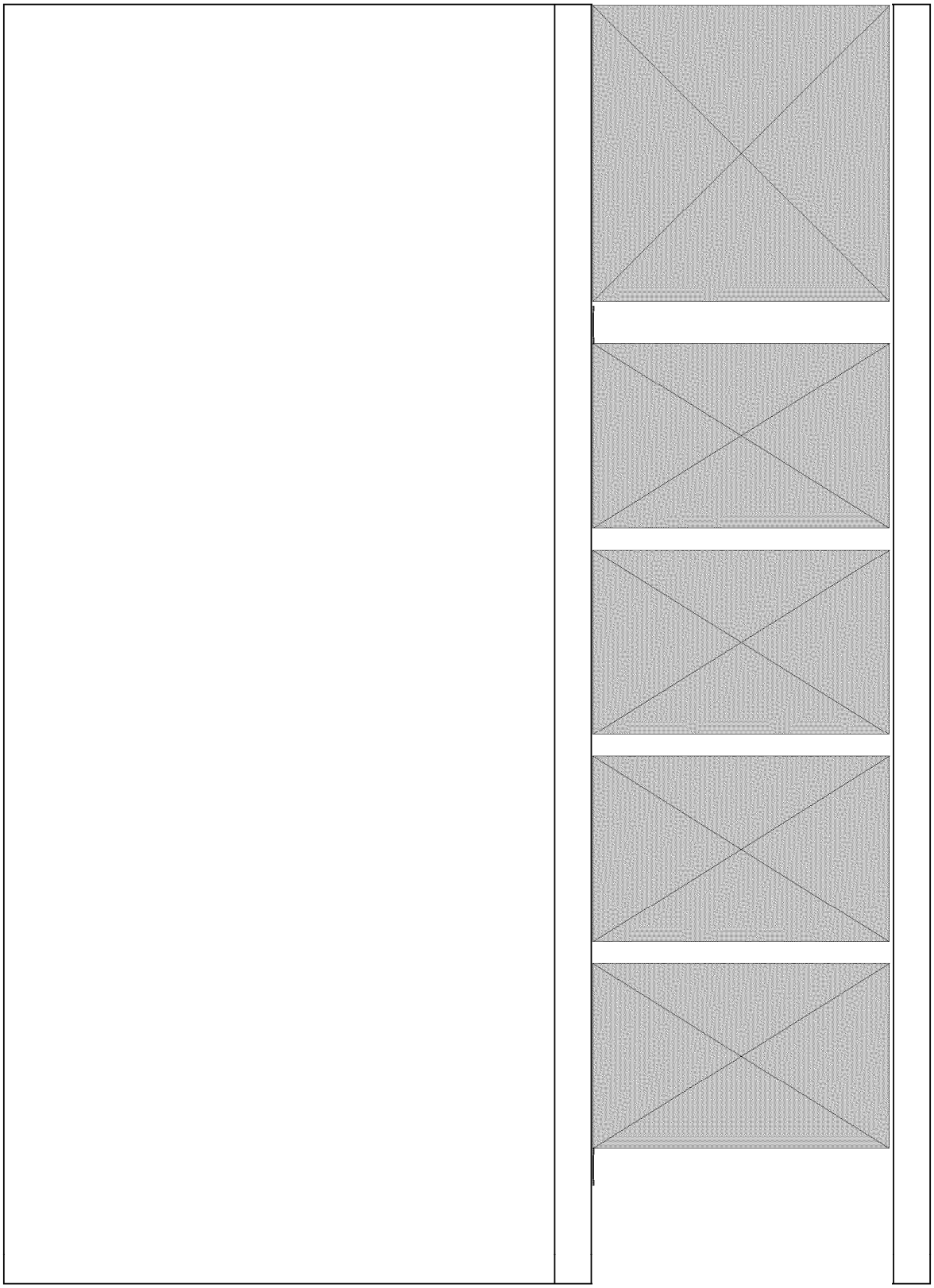

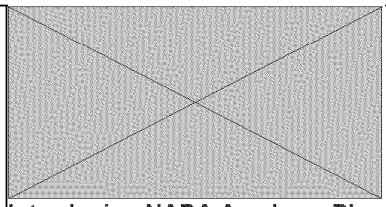

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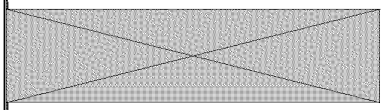

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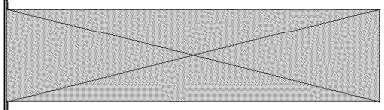

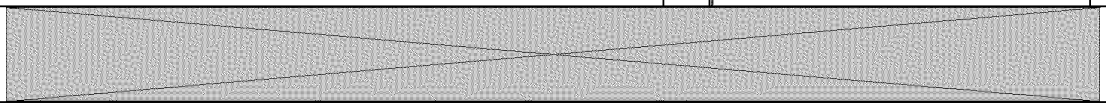

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Carmakers' Plea for Fuel Economy Review Sets Stage for Showdown

Automakers enjoying lucrative sales of trucks and sport utility vehicles are hoping President Donald Trump makes good on his vows to deregulate. Environmental groups are saying fuel efficiency standards won't be watered down without a legal challenge.

Quotable

"[I]gnoring consumer preferences and market realities will drive up costs for buyers and threaten future production levels."

-- A letter signed by chief executives including Mary Barra of General Motors Co., Mark Fields of Ford Motor Co. and Sergio Marchionne of Fiat Chrysler Automobiles NV, urging the Trump administration to review the EPA's fuel economy regulations, Bloomberg, Feb. 15

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Eighteen auto industry executives sent a letter to Trump on Friday, asking him to reinstate an Environmental Protection Agency review of fuel economy regulations through 2025 that they say was unfairly cut short during the final days of the Obama administration. That letter could be the opening act in a potential drawn-out battle in Washington and in U.S. courts as environmental groups consider suing to stall or derail any effort to lower the targets.

The issue auto executives raised in their letter last week was the review process for the nation's fuel efficiency standards. The companies and then-President Barack Obama struck a deal in 2011 to double average fuel economy of vehicles to 54.5 miles per gallon by 2025, with the caveat that a mid-term review would determine whether the standards for the final years of the program were feasible.

Automakers say falling gasoline prices have squelched demand for the most fuel-efficient vehicles, making achieving the standards more difficult. Just a week before Trump took office, the EPA said it had concluded its review more than a year ahead of schedule and the rules didn't need to be changed.
Source: Bloomberg

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If Car Industry Retools, Parts Makers Will Reel

Lift the hoods of the world's auto makers to see the problems in store for companies that have thrived on the automotive global supply chain. Car makers are reeling with the uncertainty of President Donald Trump's threats to impose border tariffs and import duties—their earnings calls these days are peppered with comments and questions on U.S. investment plans. So it is worth considering how much of a car is actually made in the U.S., as American imports of car parts surge.

There is the car and then everything that has gone into putting the car together. While the focus has remained on the former, it is the automotive parts that could substantially raise the costs of making cars. Tariffs could likely apply to both—the car and the parts, so the compounding effect looks painful.
Source: The Wall Street Journal (Subscription required.)

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Feb. 16 Webinar: NADA and FTC to Discuss the Recently Revised Buyers Guide

Join NADA and FTC attorney John Hallerud in a webinar covering the changes to the Used Car Rule and the revised Buyers Guide. Learn how to properly produce, use and complete the revised Buyers Guide, and ask your questions directly to the FTC. This webinar is open to dealers, dealership staff, dealer attorneys, dealership compliance professionals, and dealership forms providers. **Click here** to register.

Date: Today, Thursday, Feb. 16, 2017
Time: 1 p.m. ET
Duration: 75 minutes
Source: NADA

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FCA Shares Jump on GM Speculation; Barra Still Not Interested

Fiat Chrysler Automobiles shares have outpaced General Motors in the initial aftermath of a potential Opel sale, amid fresh speculation the two could combine. The problem: GM CEO Mary Barra still isn't interested. Analysts are seeing GM's proposed sale of its European business creating an opening for FCA to revive its long-standing -- and one-sided effort -- to combine with GM. Shedding Opel would eliminate GM's overlap with Fiat in Europe and clear the way for the largest U.S. automaker to replace money-losing operations with Fiat's profitable brands.
Source: Bloomberg / Automotive News

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Source: NADA Dealership Operations

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Dodge Teases Slow Rollout to Its Most Demonic Car Yet

From the slow-motion rollout that Fiat Chrysler is giving its latest performance model, this much is clear: the new Dodge Challenger SRT Demon will be fast. Really fast. The company is releasing new videos leading up to the New York

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Auto Show in April, where Demon will make its debut. The videos, including the latest, "Forced Induction," are all finding a home on a special website. Tim Kuniskis, FCA's head of passenger car brands, has said that the Demon would be more powerful than the Challenger Hellcat models, which are powered by a 6.2-liter, supercharged V-8 engine that delivers 707 horsepower.

Source: Detroit Free Press

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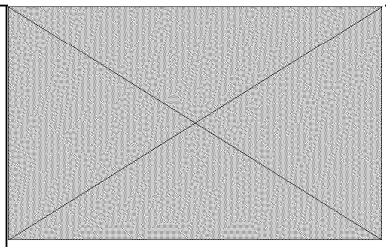

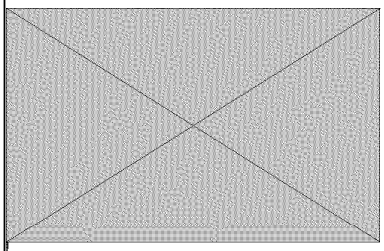

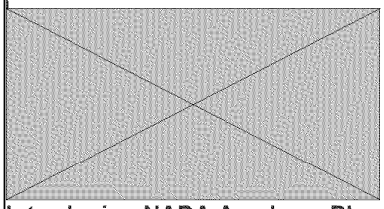

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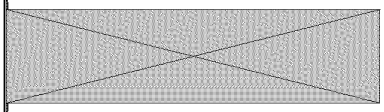

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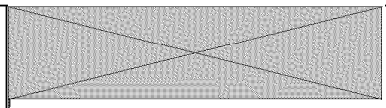

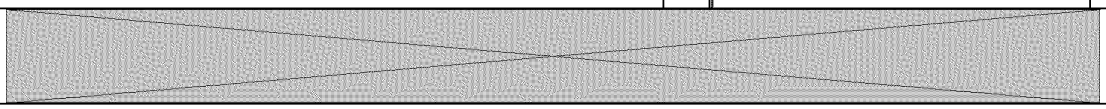

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February 13, 2017

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Tax Threat Heightens Concern about Affordability

Prices for new cars and trucks, being pushed ever higher by fuel economy improvements, safety equipment and advanced technology, could soar out of range for many buyers with the

Quotable

"Unless we as an industry, working with policymakers at all levels of government, start looking through the lens of customer affordability, we risk imposing a new luxury tax on the vehicles our members sell, which, in turn, will depress the SAAR, reduce fleet turnover and deprive large swaths of Americans of the opportunity to obtain and benefit from the ownership of a new car or truck."

-- NADA President and CEO Peter Welch, *Automotive News*, Feb. 13

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addition of an import tax to the equation.

Among the vehicles hit hardest would be entry-level nameplates that automakers rely on as gateways for new customers but say they can't make profitably in the U.S.

President Donald Trump and House Republicans have floated the idea of taxing vehicles and other goods that enter the nation's borders, while providing more favorable tax treatment to exports. Such a tax would have drastic effects on the auto industry, raising prices not only on Nissan Versas, Ford Fusions and crew-cab Chevrolet Silverados assembled in Mexico, but also on many of the imported components that U.S. plants use.

The tax would ripple through dealerships, which would pay more to carry higher-priced vehicles in inventory. Auto sales would inevitably decline, as some consumers instead visit a pre-owned lot or hold onto their current vehicles longer, and that could lead to job losses both on sales floors and assembly lines.

"We already have an affordability issue with the auto industry," said Cody Lusk, president of the American International Automobile Dealers Association. "We're already pushing it with consumers, with the average payment going up and loan terms being stretched out."
Source: Automotive News

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Auto CEOs Ask Trump to Revisit Obama-Era Fuel Efficiency Rules

The chief executives of 18 automakers asked President Donald Trump to reinstate a U.S. Environmental Protection Agency review of fuel efficiency regulations through 2025 that they say was unfairly cut short during the final days of the Obama administration. In a Feb. 10 letter, executives including Mary Barra of General Motors Co., Ford Motor Co.'s Mark Fields and Fiat Chrysler Automobiles NV boss Sergio Marchionne asked Trump to return the review to its original schedule, giving the new administration a chance to shape the outcome.
Source: Bloomberg

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Biggest Driver of Cleaner-Car Rules Is California, Not Washington

State has power to set mandate on zero-emissions separate from U.S. efforts

Ford Motor Co. Chief Executive Mark Fields used a recent White House breakfast with President Donald Trump to argue for relaxing U.S. car-emissions standards. But Mr. Fields and other auto executives need to travel 2,700 miles west of Washington to find the government officials who are pushing them the most on environmental regulations. When it comes

to forcing auto makers to build cleaner cars, California is in the driver's seat.
Source: The Wall Street Journal (Subscription required.)

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Automotive News Editorial: FCA's Network Expansion Defies Logic

Automakers and dealers would find it impossible to survive without each other's support. Yet from time to time, manufacturers seem to forget this and proceed without regard for the economic well-being of their partners. The latest example: Fiat Chrysler's move to add approximately 380 stores to its network of about 2,500 U.S. dealerships. We question that logic. Have FCA's sales been faltering lately because the company has too few dealers? Certainly not.
Source: Automotive News

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Jim Appleton: Dealers, Consumers Will Pay for FCA Store Expansion

A manufacturer's power to create a new dealership location is the power to destroy any number of existing dealerships within the market. FCA's drive to create hundreds of new locations across the U.S. may be a sign of real optimism about the future. And that sign of strength is certainly good news to dealers and dealer advocates; that is until a rash of new points threatens to undermine the financial stability of incumbent dealerships, the employees who work there, and the consumers and communities that rely on these established businesses.

Jim Appleton is president of the New Jersey Coalition of Automotive Retailers, which represents dealers at the state's 500-plus franchised new-car and -truck dealerships.
Source: Automotive News

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Buy-Sell Business Could Boom This Year

This year's buy-sell activity is expected to outpace 2016's in volume -- if sellers continue to come to market and prices drop, buy-sell advisers say. "We have projected this to be the most active buy-sell market in history," said Erin Kerrigan, managing director of Kerrigan Advisors in Irvine, Calif. Kerrigan said the number of buyers and her client base of sellers are growing.
Source: Automotive News

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Feb. 16 Webinar: NADA and FTC to Discuss the Recently Revised Buyers Guide

Join NADA and FTC attorney John Hallerud in a webinar covering the changes to the Used Car Rule and the revised Buyers Guide. Learn how to properly produce, use and complete the revised Buyers Guide, and ask your questions

Past Articles

- Feb. 10 -- Mexican Tariff Could Hit Lower-Income Car Buyers
- Feb. 9 -- Nissan Profit Climbs as SUV Sales Pick Up

directly to the FTC. This webinar is open to dealers, dealership staff, dealer attorneys, dealership compliance professionals, and dealership forms providers. **Click here** to register.

Date: Thursday, Feb. 16, 2017
Time: 1 p.m. ET
Duration: 75 minutes
Source: NADA

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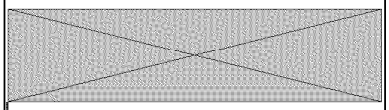
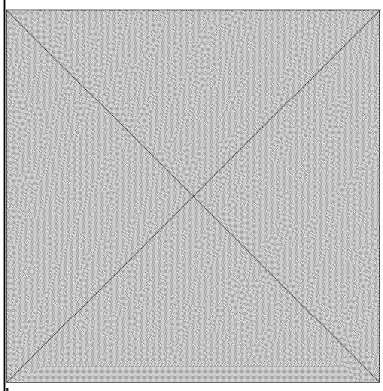
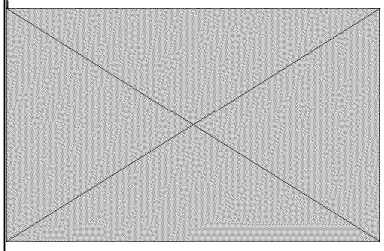
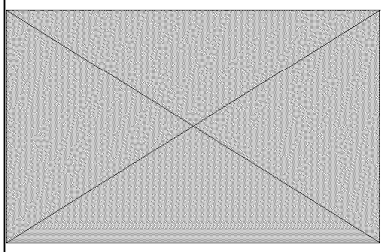
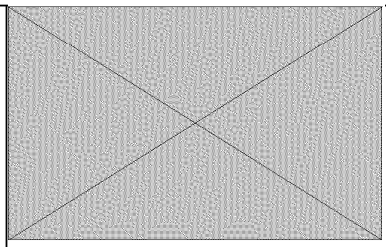
- Feb. 8 - GM Aims SUVs at Shrinking Margin After Record Annual Profit
- Feb. 7 - GM Posts $9.43 Billion in Net Profits for '16
- Feb. 6 - FCA's Plan to Add Stores Riles Dealers

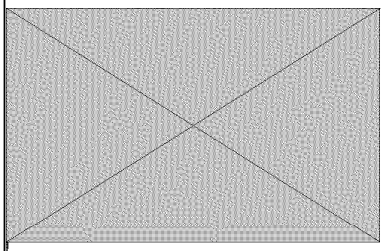


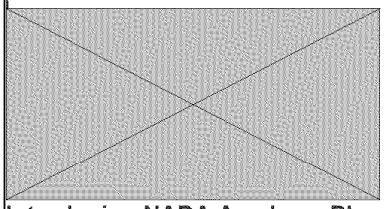












Introducing NADA Academy Plus

Feb. 15 -- Three Wasteful Digital Marketing Mistakes That Can Cost You Sales (12 p.m.)

Feb. 16 -- FTC Webinar: Review of the Revised Buyers Guide (1 p.m.)

Feb. 22 -- F&I Compliance: Steps to Prevent Regulatory Issues (12 p.m.)

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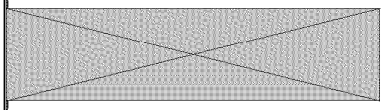
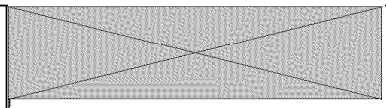
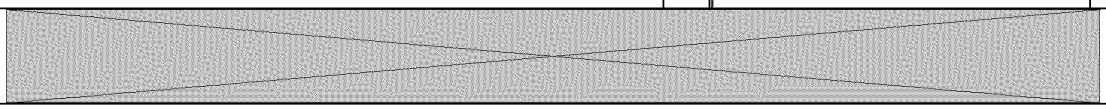


The Year at a Glance: A Final Message From Your 2016 Chairman





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To: Moran, Robin[moran.robin@epa.gov]
From: NADA Headlines
Sent: Fri 1/20/2017 4:07:28 PM
Subject: Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces

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January 20, 2017

Inside this issue

Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces

Another Round of Takata Airbag Recalls Filed by 13 Automakers

California Warns of Break From Washington on Clean-Air Rules

Ex-Chief of VW Holds Firm During Grilling on Emissions Deception

Roger Penske and Helio Castroneves Join Speaker Lineup at NADA Convention

Top Stories

Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces

Donald Trump's ascendance to the White House has raised hopes among U.S. businesses for the most significant rollback of regulations since the Reagan administration. Cutting regulations is not only a key component in Trump's goal of doubling economic growth to 4%, but some economists regard it as potentially the most powerful agent for revving up the sluggish pace of business investment and overall productivity, the single biggest factor in improving the

Quotable

"Regulatory reform, its potential, is way above either cutting taxes or stimulus spending."

-- John Cochrane, senior fellow at Stanford's Hoover Institution, commenting on President-elect Donald Trump's plan to cut regulations, *Los Angeles Times*, Jan. 19

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living standards of Americans. Trump has called Dodd-Frank "a very negative force" in the economy. And his Treasury secretary designee, Steven Mnuchin, believes that Dodd-Frank is too complicated and an obstacle to lending, and has pledged to strip back parts of the law and make that priority No. 1 on regulatory reform.
Source: Los Angeles Times

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Another Round of Takata Airbag Recalls Filed by 13 Automakers

More than a dozen automakers this week recalled another 652,000 vehicles with Takata airbag inflators in the U.S. to replace front passenger inflators as the largest callback in the history of the auto industry continues to cascade through the regulatory process. The 13 automakers that posted recalls in the latest U.S. batch are Audi, BMW, Daimler Vans, Ferrari, Jaguar Land Rover, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Subaru, Tesla, McLaren and Karma.
Source: Automotive News

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California Warns of Break From Washington on Clean-Air Rules

California sent a warning shot in a potential showdown with the incoming Trump administration, with the state's clean-air regulators digging in on mandates for an ever-greater number of electric and fuel-cell cars. The staff of California's Air Resources Board called national efforts to promote electrification "very modest" after 2025 as it released a more than 660-page report Wednesday on the future of zero-emission vehicles, or ZEVs. If federal emissions standards are substantially changed, the state may revisit whether to keep coordinating with Washington's policies, they said.
Source: Bloomberg

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Ex-Chief of VW Holds Firm During Grilling on Emissions Deception

Volkswagen's former chief executive, Martin Winterkorn, yielded no ground on Thursday during a polite grilling by German lawmakers over the carmaker's diesel-emissions deception, but he astonished them by insisting that he had not heard the term "defeat device" before September 2015, when the scandal broke. Appearing in public for the first time since he resigned over the case, Mr. Winterkorn, who worked at the company for more than 35 years, contended, as he has all along, that he had not been aware of any wrongdoing.
Source: The New York Times

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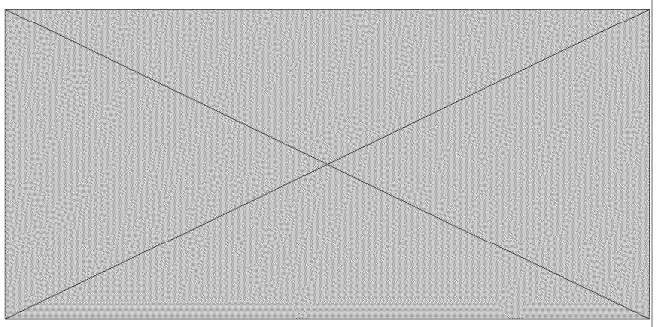
Roger Penske and Helio Castroneves Join Speaker Lineup at NADA Convention

Advance registration discount for dealers and managers

ends Friday, Jan. 20.

Motorsports legends Roger Penske, chairman of Penske Corporation, and Helio Castroneves, three-time Indianapolis 500 winner for Team Penske Racing, will take the stage at the 2017 NADA Convention and Expo in New Orleans on Saturday, Jan. 28. Keith Crain, editor-in chief of *Automotive News*, will moderate the discussion.



"As NADA celebrates its centennial, it's a wonderful honor for it to salute Roger Penske on 50 years of motorsports along with Helio Castroneves, who is an icon at Indianapolis as well as becoming a participant in an auto dealership," Crain said. "NADA's 100th anniversary is a milestone for auto dealers across this nation."

Mark Fields, president and CEO of Ford Motor Company, will sit down with 2016 NADA Chairman Jeff Carlson for a fireside chat during the opening general session on Friday, Jan. 27. Other speakers at the NADA convention – which runs from Thursday, January 26, to Sunday, January 29 – include Carlson (Jan. 27) and 2017 NADA Chairman Mark Scarpelli (Jan. 28), *New York Times* best-selling authors, comedian Jim Gaffigan (Jan. 27) and inspirational speaker Amy Purdy (Sunday, Jan. 29).

NADA, founded in 1917, will kick off yearlong events commemorating its 100-year anniversary with **NADA 100 Carnival**, which will be held at Mardi Gras World on Thursday, Jan. 26. The Carnival will feature top New Orleans cuisine and musical entertainment from Foreigner, Cowboy Mouth and jazz favorites. For more information or to register, visit **www.nadaconvention.org**.
Source: NADA Public Affairs

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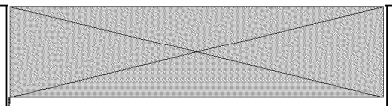
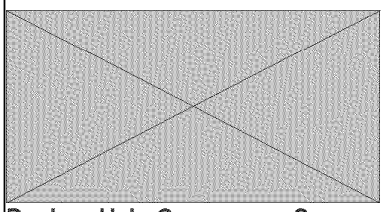
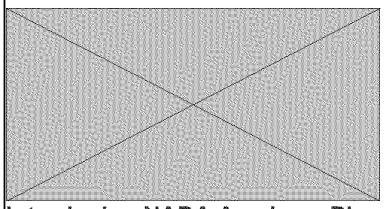
- Jan. 19 - Roger Penske and Helio Castroneves Join Speaker Lineup at NADA Convention
- Jan. 18 - New-Car Dealers to Promote Prom-Season Teen Driving Safety at Upcoming NADA Convention
- Jan. 17 - NADA's Welch: Seize the Political Opportunity
- Jan. 13 - NADA Urges Trump Administration to Reverse Obama EPA's Final Determination on Fuel Economy
- Jan. 12 - Mark Fields Joins NADA Convention Speaker Lineup in New Orleans





Dealers Help Consumers Secure Competitive Financing



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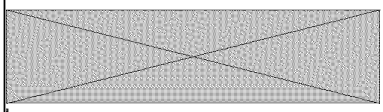

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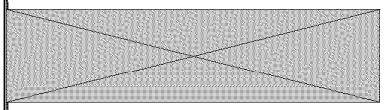

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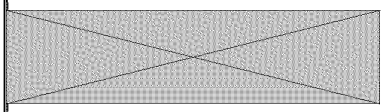

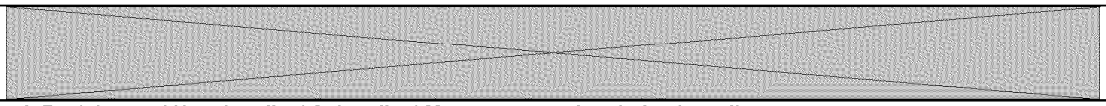

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To: Olechiw, Michael[olechiw.michael@epa.gov]
From: Michael Hartrick
Sent: Sat 3/18/2017 7:45:54 PM
Subject: Megatrends Followup
Megatrends EPA 2025 Charmley.pdf

Mike –

I have some members who are interested in better understanding the graphics on slides 23 and 24 of Bill's presentation at the Megatrends conference. Can you share the CO2, fuel energy, road loads, ETW, and footprints underlying the graphics? What does "best powertrain efficiency" represent – best in a specific type of vehicle?

Thanks.

Michael Hartrick

Director of Fuel Economy & Climate

Alliance of Automobile Manufacturers

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EPA GHG UPDATE FOR 2017 FUEL ECONOMY DETROIT

Bill Charmley
National Vehicle and Fuel Emissions Laboratory
Office of Transportation and Air Quality
U.S. Environmental Protection Agency

March 16, 2017

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Overview

- How the EPA GHG Standards Work
- Industry Progress To Date
- What Might the 2025 Time-Frame Look Like
  - EPA assessment (thus far)
- What Comes Next

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Why does EPA have GHG Standards for Light-Duty Vehicles?

U.S. Supreme Court in 2007 on the topic of EPA and regulation of GHGs from motor vehicles:

> *"But that DOT sets mileage standards* ***in no way licenses EPA to shirk its environmental responsibilities. EPA has been charged with protecting the public "health" and "welfare****", a statutory obligation wholly independent of DOT's mandate to promote energy efficiency."*

Clean Air Act directs EPA –

> *"The Administrator shall by regulation prescribe … **standards** applicable to the **emission of any air pollutant from any class or classes of new motor vehicles** or new motor vehicle engines, which in his judgement **cause, or contribute to, air pollution which may reasonably be anticipated to endanger public health or welfare**."*

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HOW THE EPA STANDARDS WORK

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So What is the 2025 EPA Standard?

Projections for Model Year 2025 Fleet CO2 Compliance Target
Fuel Prices/Fleet Mix Affect EPA's PROJECTION of 2025 Standard

	2012 Projection	Summer 2016 Projection	Fall 2016 Projection
Fuel Price ($/gallon)	$3.87	$2.95	$2.97
Car/truck mix	67/33%	52/48%	53/47%
2025 Fleet CO_2 Compliance Level (g/mi, 2-cycle)	163	175	173
MPG-e (2-cycle)	54.5	50.8	51.4

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2025 CO2 Standard is a Function of Car & Truck Production Volume and Vehicle Footprint

Passenger Car Target (g/mi) = (3.26 x **footprint**) – 3.2

- for vehicle footprints >41 and < 56 square feet

Light-Truck Target (g/mi) = (3.58 x **footprint**) +12.5

- for vehicle footprints >41 and < 74 square feet

For each individual company the Car & Truck standards are a function of the **# vehicles produced** & each vehicle's **footprint**

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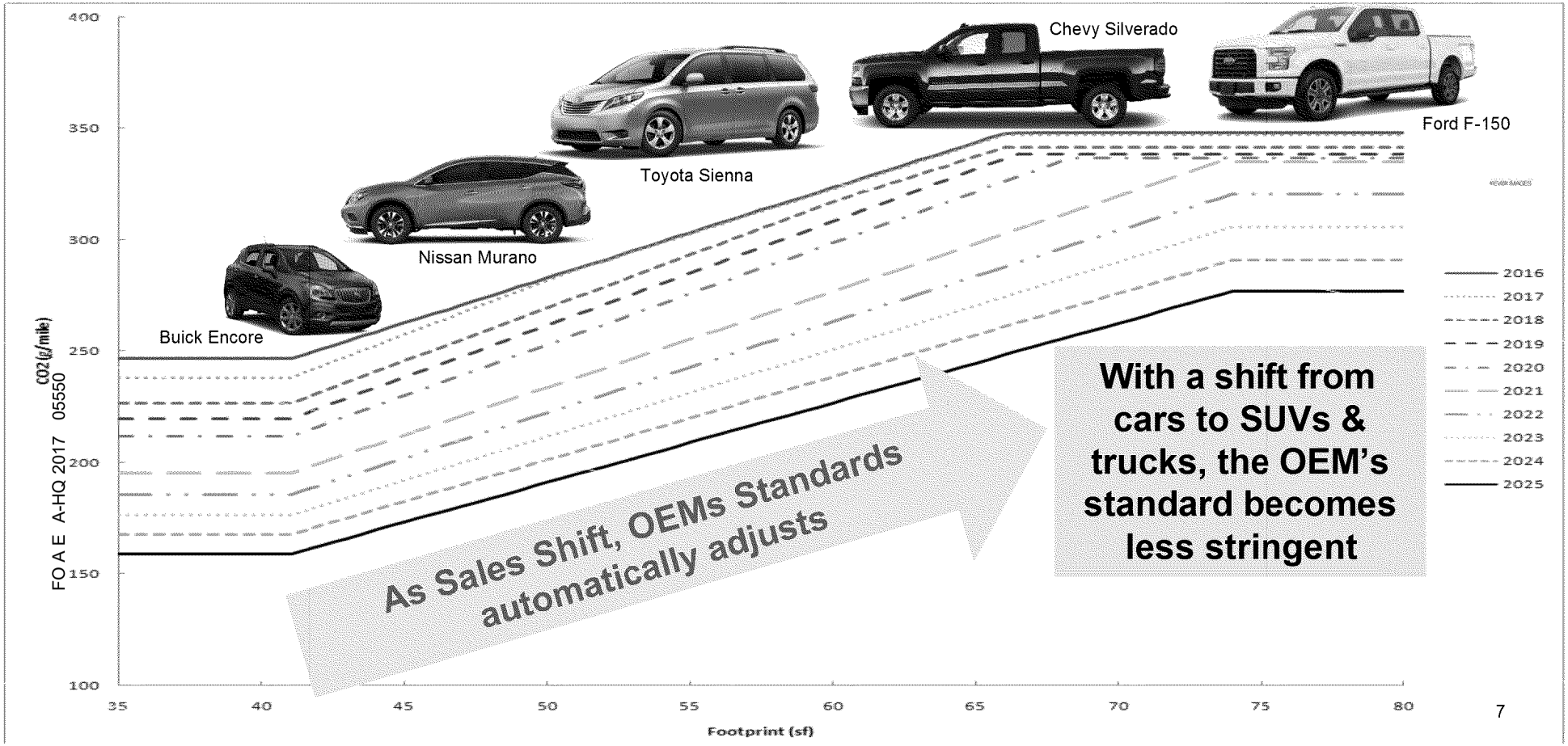
Footprint-based CO_2 Target Curves for Trucks – "The Standards"

[separate footprint curve for Cars]



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INDUSTRY PROGRESS TO DATE

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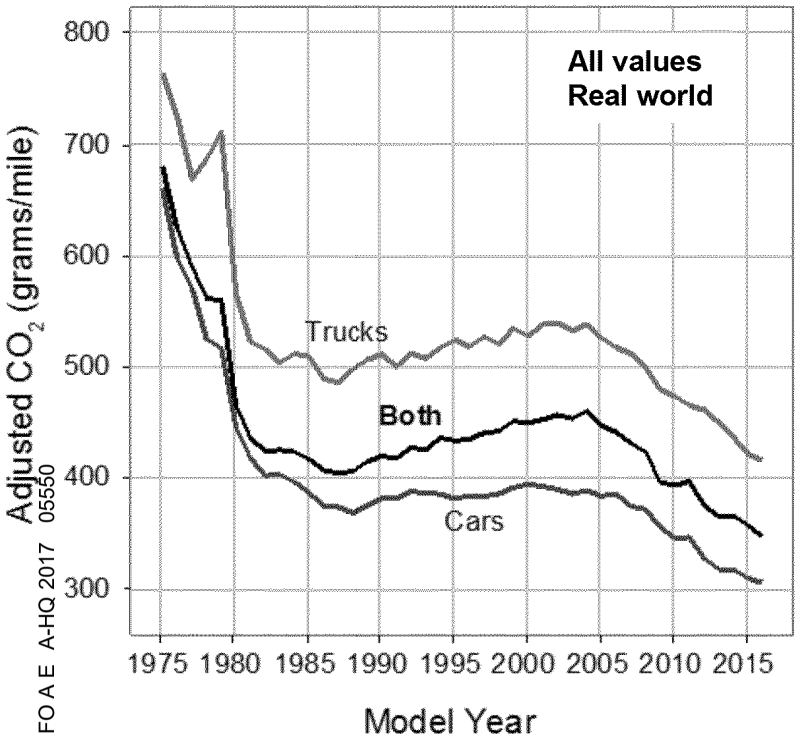
Vehicle CO_2 Emissions at Record Low – every major vehicle category improving



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All values
Real world

MY2015: 358 g/mi CO_2 (24.8 mpg)
MY 2016 Projected: 25.6 mpg

Truck SUVs highest % improvement since 2004, up 33%
Pickups improved most in past year, up 0.8 mpg to 18.8 mpg

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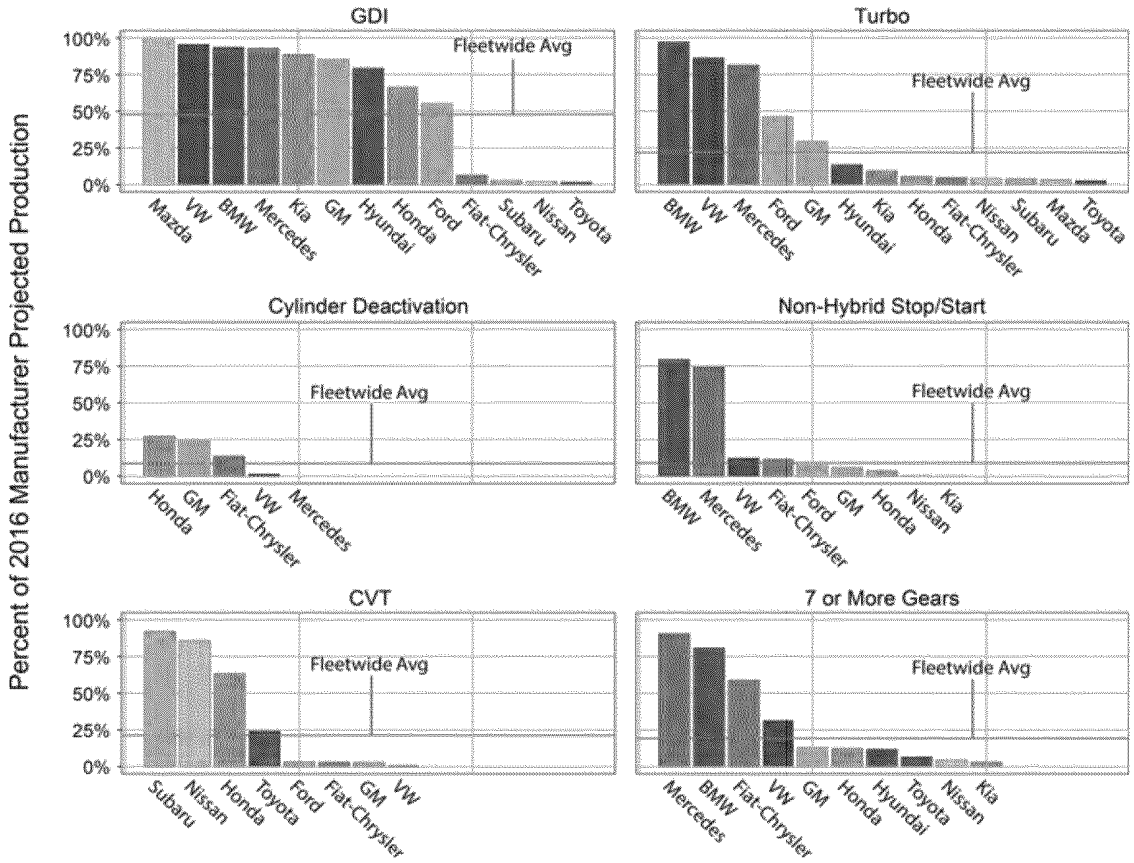
Automakers Adopting a Wide Array of Technologies at Rapid Rates

- **GDI** use on nearly half of all vehicles (up from 3% in MY2008), with Mazda at 100%, 6 more OEMs above 75%
- ~20% fleet use **7+ speed transmissions**, led by Mercedes, BMW, and Fiat-Chrysler
- >20% fleet use **CVTs**, led by Subaru, Nissan, and Honda



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Early Years of Program Producing Positive Results

Industry Outperforming Standards

7 Years of Sales Increases Thru 2016
First Time in 100 Years

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What Happens to the Over Compliance?

GHG Program is a Multi-Year Program , multiple layers of flexibility for OEMs

- No single year determines compliance.
- Program includes emissions banking and trading
- Credits last at least 5 model years, and early credits last longer.
- Debits can be carried forward for 3 model years.
- Today, the bank is **280 Million Megagrams CO2**
  - What's a Megagram?
  - 280M worth about **80 grams CO2/mile** for the entire U.S. fleet
  - Would allow the MY2015 fleet to comply with EPA standards through 2019, if all firms participated fully in credit trading
  - Through MY2015, 12 OEMs involved in credit trading

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Advanced Gasoline Vehicles can Take the Industry Much Further …
many vehicles already meet future targets

Vehicle Production that Meets or Exceeds MY2020 CO_2 Targets

In just 4 years

With fleet averaging, in any given model year, only about 50% of vehicles would need to meet/exceed their target, depending on sales volumes.

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Case Study: 2017 Honda CRV 1.5 liter AWD

- Best-selling SUV in U.S.
- AWD versions make up 2/3 of sales
- Advanced Gasoline Technology:
  - Turbocharged GDI 1.5 liter I4 engine
  - Continuously variable transmission
  - No electrification
- Could already meet* 2022 target
  - 5 years ahead
- Within 4 mpg of 2025 target
  - *With 8 years to go*

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**Illustrative example only. EPA estimated real-world fuel economy targets from CO_2 compliance targets, assuming A/C credits and 5 g/mi off-cycle credits*

WHAT MIGHT 2025 LOOK LIKE – EPA TECHNICAL ASSESSMENT (THUS FAR)

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EPA's Assessments are Informed by a Wide Range of Information

- **Technical research performed by EPA**
  - Benchmarking testing of **30 vehicles** across wide range of powertrains & segments (with more to come)
  - Published more than **30 peer-reviewed papers and technical reports**
  - Vehicle simulation modeling, cost teardown studies, mass reduction feasibility/cost studies, manufacturer "learning by doing" costs, research on consumer issues, economic inputs, others
- **Extensive reviews of the literature**
  - **100's of reports/papers** from the literature published since 2012, including major studies such as the 2015 National Academy of Sciences report
- **Stakeholder outreach & collaboration**
  - Hundreds of meetings with automakers, suppliers, NGOs, consumer groups, labor, states/local governments, others
  - Collaboration with NHTSA, CARB, DOE, Transport & Environment Canada

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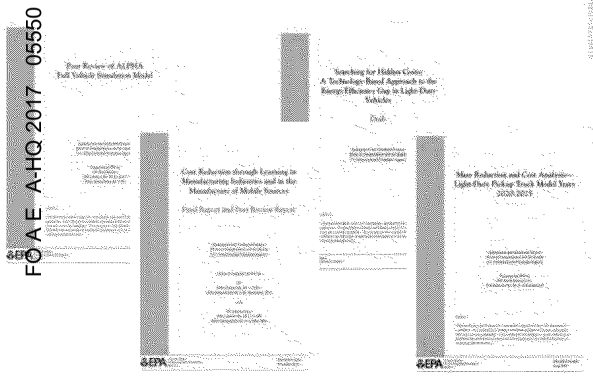
EPA technical information available to all stakeholders/public

EPA's National Vehicle and Fuel Emissions Laboratory Ann Arbor, MI

Wide range of peer-reviewed publications and presentations:

- Technical papers, including SAE papers and EPA reports
- Conference presentations
- Modeling workshop



+ more …

Tethered Engine testing

Modeling and Simulation

Vehicle Dyno testing

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EPA Most Recent Assessment –
Standards can be Met Mostly with Advanced Gasoline Technologies

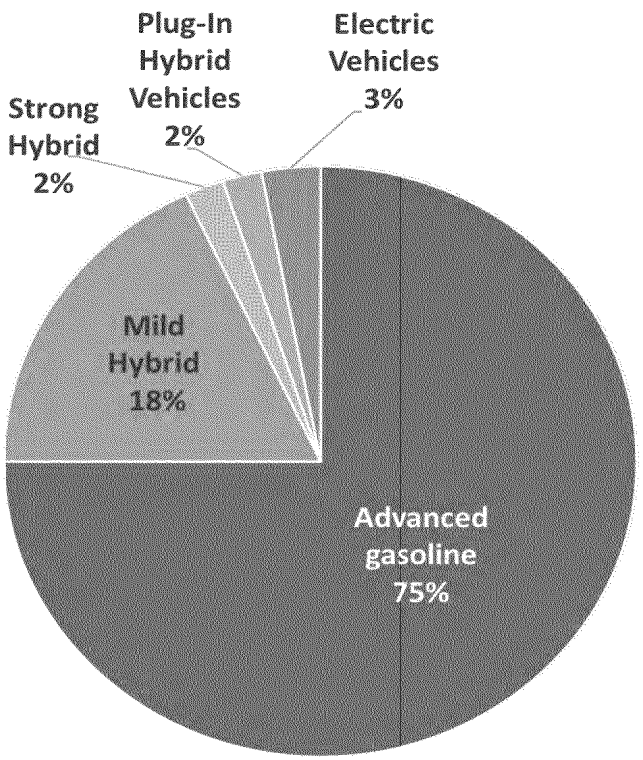
Cost estimate of $875/vehicle

- ✓ Advanced engines and transmissions
- ✓ Vehicle light -weighting
- ✓ Improved aerodynamics
- ✓ More efficient accessories
- ✓ Low rolling resistance tires
- ✓ Stop-start technology
- ✓ Mild hybrid (e.g., 48 volt systems)
- ✓ Small levels of strong HEV, EV, PHEV

Fuel Savings Offsets Cost increase

- ✓ Net lifetime savings of $1,650

One possible pathway EPA modeled



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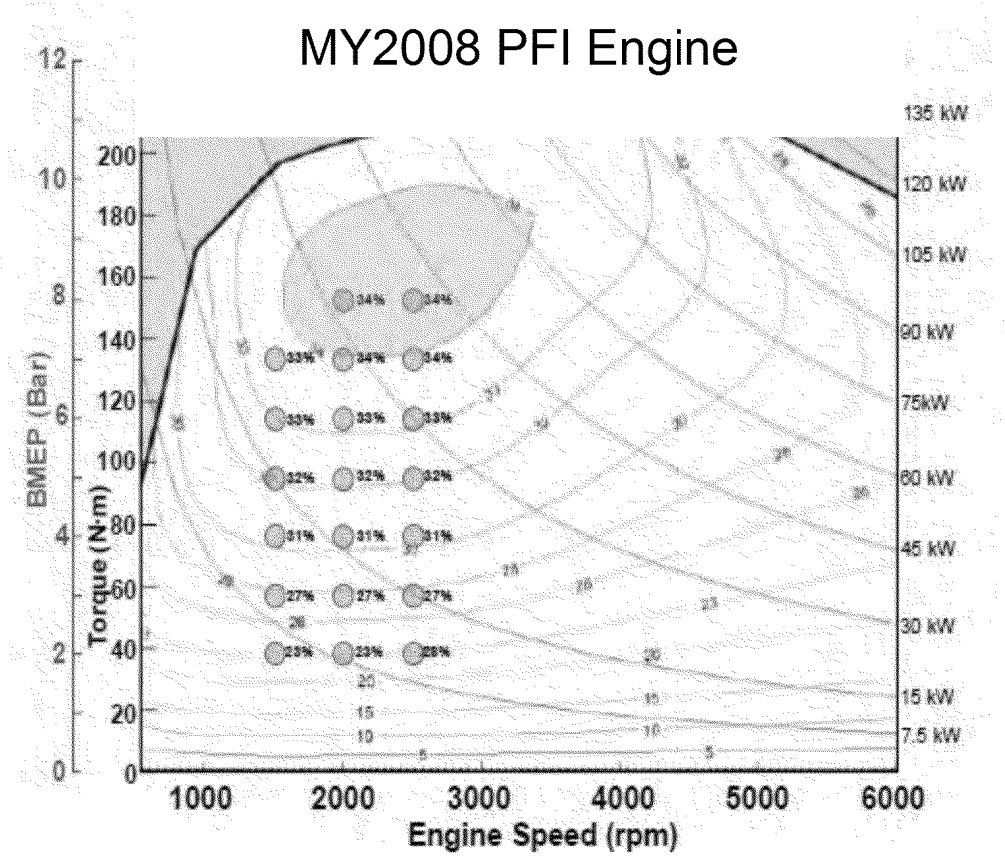
Progress in Engine Efficiency

MY2008 Actual PFI Engine

- Peak thermal efficiency **34%**
- Narrow efficiency region



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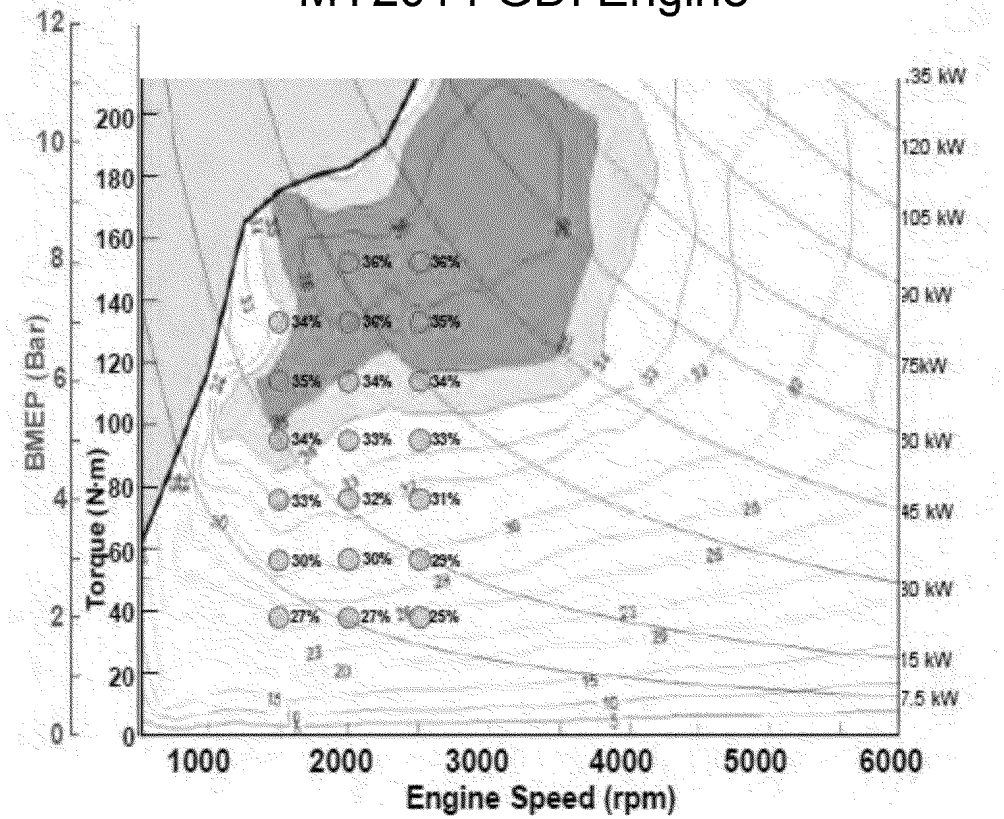
Progress in Engine Efficiency

MY2008 Actual PFI Engine
- Peak thermal efficiency 34%
- Narrow efficiency region

MY2014 Actual GDI Engine
- Peak thermal efficiency **36%**
- Broader efficiency region

MY2014 GDI Engine



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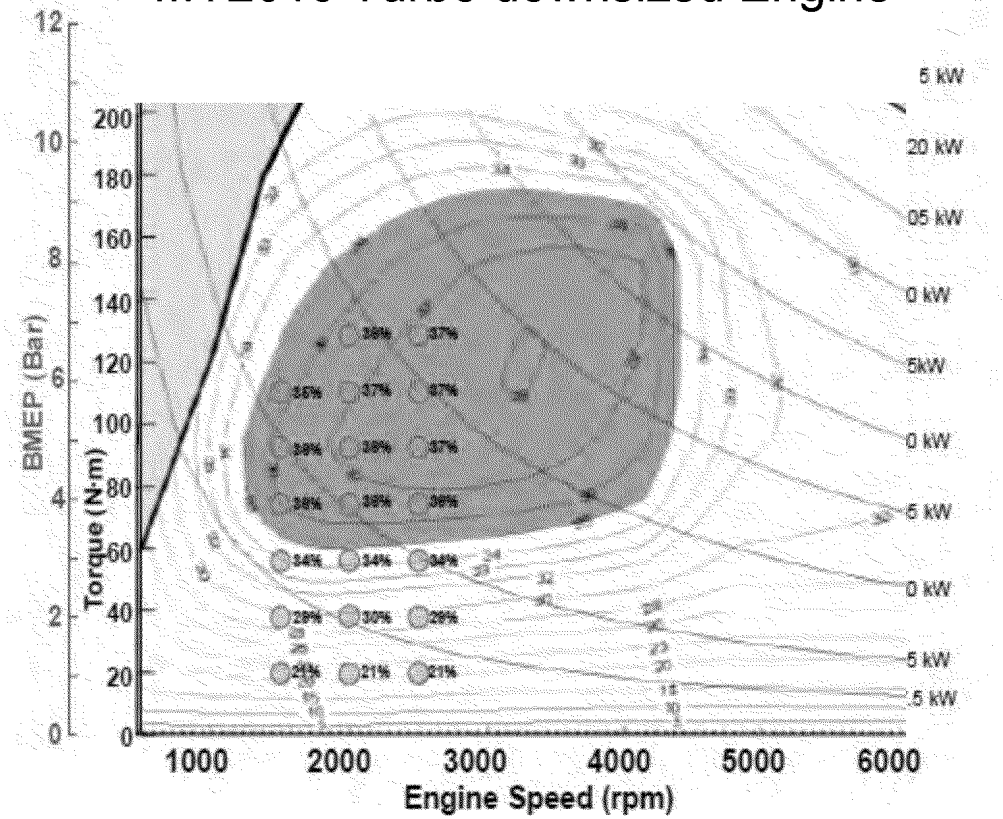
Progress in Engine Efficiency

MY2008 Actual PFI Engine
- Peak thermal efficiency 34%
- Narrow efficiency region

MY2014 Actual GDI Engine
- Peak thermal efficiency 36%
- Broader efficiency region

MY2016 Actual Turbo downsized Engine
- Peak thermal efficiency **38%**
- Very broad efficiency region
- Large overlap with 2-cycle test operation

MY2016 Turbo downsized Engine



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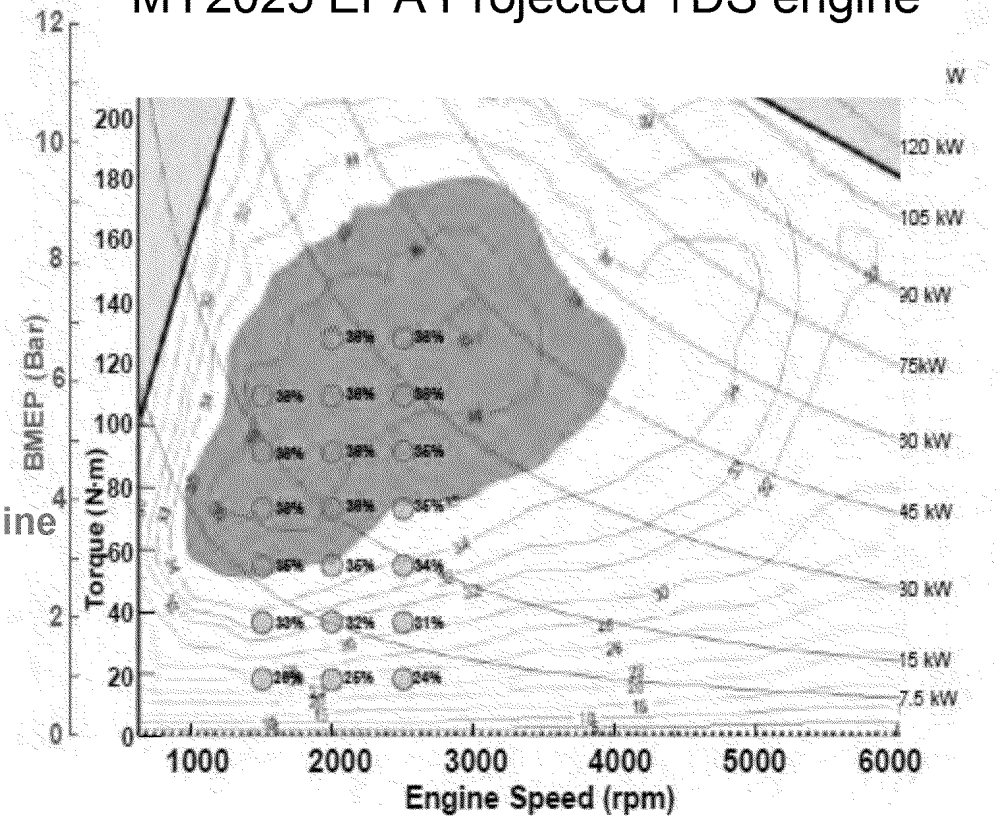
- Very broad efficiency region
- Large overlap with 2-cycle test operation

MY2025 EPA projected turbo downsized engine
- Peak thermal efficiency **38%**
- Similar efficiency region as MY2016 actual engine
- Hardware improvements provide some improved low-load efficiency

MY2025 EPA Projected TDS engine



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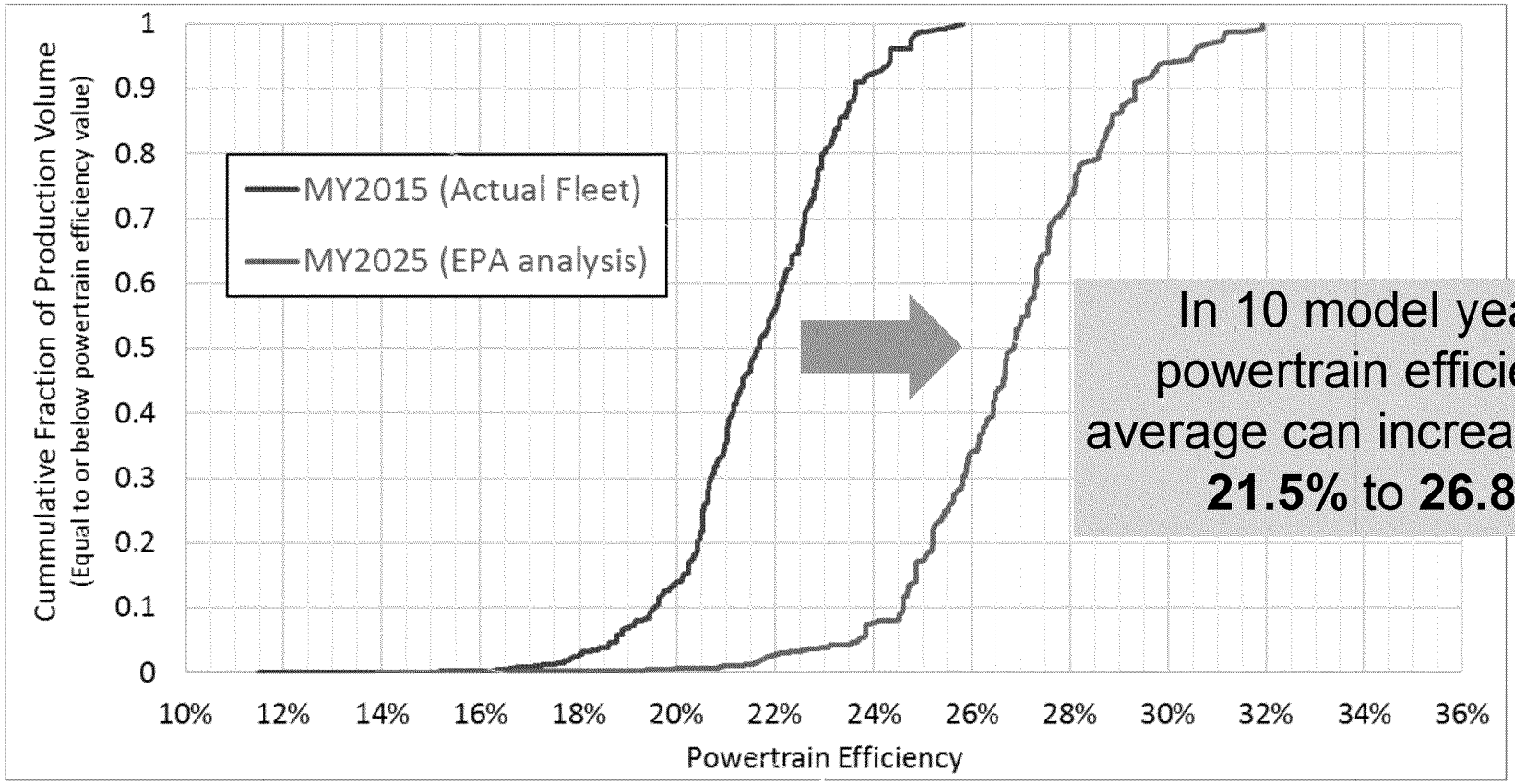
Current vs. Future Gasoline Powertrain Efficiencies



In 10 model years, powertrain efficiency average can increase from **21.5%** to **26.8%**

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Powertrain Efficiency: Current Levels and Projected Improvement Needed

MY2017 Honda Fit

MY2017 Hyundai Tucson

MY2017 Nissan Juke AWD

MY2017 Honda Civic

MY2017 Audi A4

MY2017 BMW 440i xDrive

MY2017 F150 (2.7L, 6spd)

MY2017 Porsche 911 Carrera 4S

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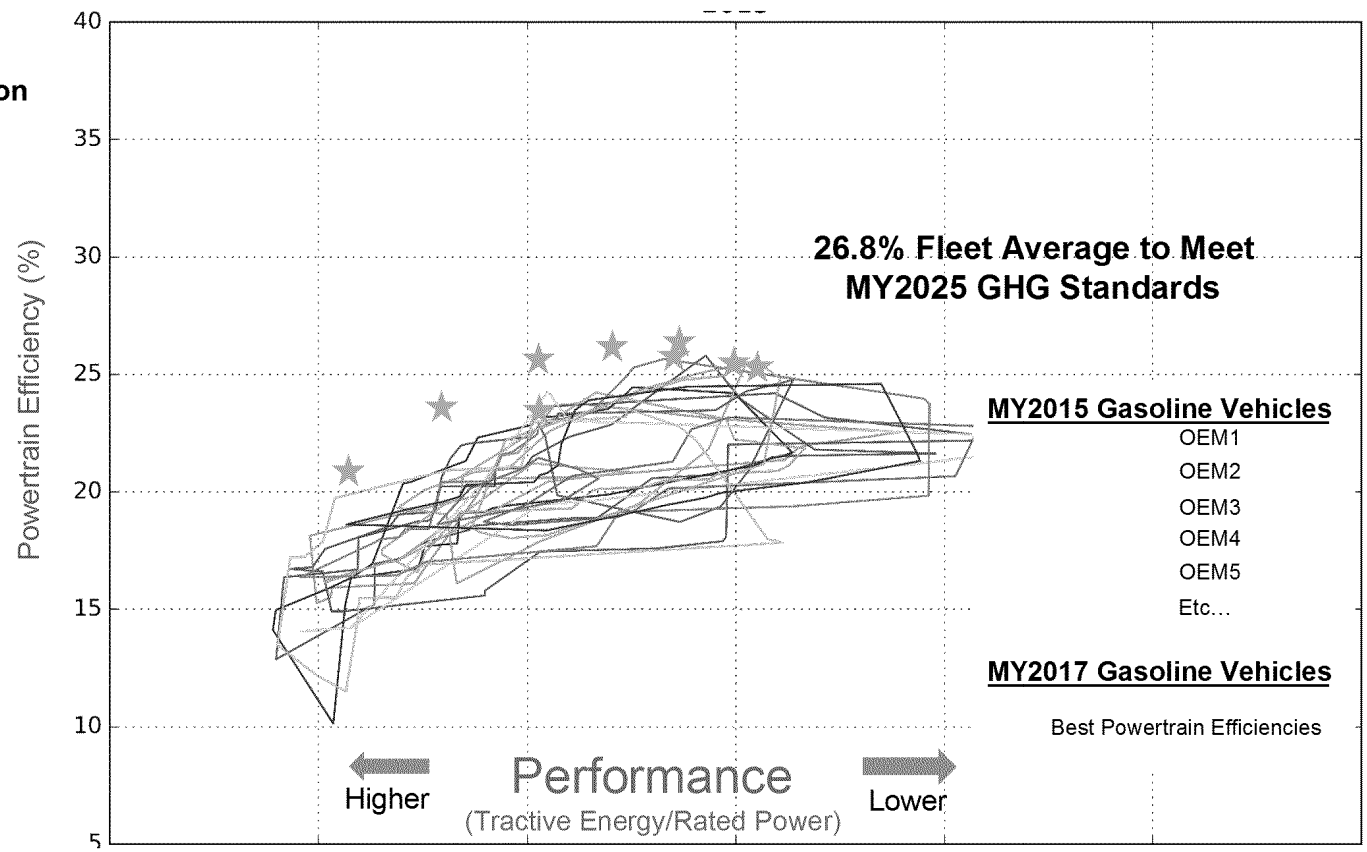

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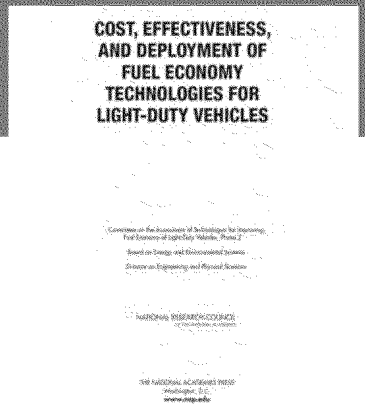
National Academies of Science 2015 Study



- ✓ In 2015 an NAS Committee published a comprehensive assessment of the light-duty CAFE & GHG technologies
- ✓ NAS included a detailed review of the 2012 EPA/NHTSA Assessment:

  "The committee found the analysis conducted by NHTSA and EPA in their development of the 2017-2025 standards to be thorough and of high caliber on the whole."
- ✓ The NAS also concluded that the 2025 standards could largely be met with advanced gasoline vehicle technology:

  "Spark ignition engines are dominant in light-duty vehicles today and are expected to remain dominant, with further reductions in fuel consumption beyond 2025." [Finding 2.1]

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Can GHG standards be good for the U.S. auto industry, and the overall U.S. job market?

- Sept. 2016 – Center for Auto Research issued a sales & employment assessment
- CAR's report showed potentially large negative impacts on employment and vehicle sales
  - assumes range of high vehicle costs all higher than EPA estimate ($2,000-$6,000)
  - assumes vehicle buy considers only first 3 years of fuel savings in buying decision
- Though EPA has concerns with the methodology used in this report, if we use the CAR approach **but with EPA's cost estimates**, the CAR model projects positive sales and employment with $3/gal gasoline prices

EPA assessment of CAR study, using $1,324 (2015$) technology cost to go from 2016 to 2025 standards

Sales change	**+234,000 more vehicles sold**
Employment change in auto production	**+9,300 more auto jobs**
Employment change nationally	**+84,700 more total U.S. jobs**

- If we assume that consumers consider 5-years of fuel savings (instead of CAR's assumption of 3-years), the vehicle sales change grows to **+585,000** and national employment change grows to **+206,000**

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WHAT COMES NEXT?

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EPA's Reconsideration of the MTE Final Determination

March 15, 2017 - EPA Administrator Pruitt issued a Notice announcing he will reconsider the EPA Final Determination published in January 2017:

> *" … EPA has concluded that it is appropriate to reconsider its Final Determination in order to allow additional consultation and coordination with NHTSA in support of a national harmonized program."*

> *"In accord with the schedule set forth in EPA's regulations, the EPA intends to make a new Final Determination regarding the appropriateness of the MY 2022-2025 GHG standards no later than April 1, 2018."*

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EPA Continues its In-depth Evaluation of Advanced Powertrains

EPA's National Vehicle and Fuel Emissions Laboratory Ann Arbor, MI

Component benchmarking efficiency maps:

- MY2016 Mazda CX-9 2.5 liter GDI-turbo-charged w/ 6-speed AT
- MY2016 Honda Civic 1.5 liter GDI-turbo-charged 10.6:1 w/ CVT

Vehicle level benchmarking:

- MY2016 Acura ILX w/dual-clutch transmission with torque converter
- MY2017 Ford F150 w/10 speed AT
- MY2016 Chevy Malibu w/1.5 liter GDI-turbo-charged w/ 6-speed AT

Demonstration and Modeling:

- Demonstration of cooled EGR on a modified European Mazda 2.0 liter GDI-naturally-aspirated 14:1 CR engine
- GTPower modeling of a MY2012 PSA 1.6 liter GDI-turbo-charged engine with cooled EGR and an advanced turbo
- GTPower modeling of a MY2016 Honda Civic 1.5 liter GDI-turbo-charged 10.6:1 CR engine
- ALPHA model comparison of several CVTs
- ALPHA modeling of all vehicles included in above component and vehicle benchmarking

Tethered Engine testing

Modeling and Simulation

Modeling and Simulation

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Additional EPA Work Underway in Many Areas

- **Technology cost teardowns with FEV** : modern GDI turbo-downsized engine, advanced diesel engine, CVT
- Updates to OMEGA **cost-effectiveness optimization model** and ALPHA **full vehicle simulation model**
- Ongoing work to evaluate the **willingness to pay (WTP) for vehicle attributes** (e.g., power, fuel economy, size, etc).
  - Our review of 50+ papers from the last 20 years found very wide variation in these WTP values. Ongoing work evaluates what factors may contribute to this variation.
- **Ongoing evaluation of automotive reviews of MY2015 vehicle fuel efficient technologies**
  - Building upon EPA's study of MY2014 vehicles, we continue to find that positive evaluations for all technologies (70%) exceed negative evaluations of the technologies (18%)
- **Ongoing work to evaluate the vehicle miles traveled (VMT) rebound effect**
- Collaboration with Transport and Environment/Climate Change Canada on **mass reduction** and **aerodynamics**
- Continued evaluation of the vehicle fleet each year to assess technologies, emissions, and compliance – supporting EPA's forth-coming **MY2016 Manufacturer GHG Performance Report** and **2017 CO2/Fuel Economy Trends Report**

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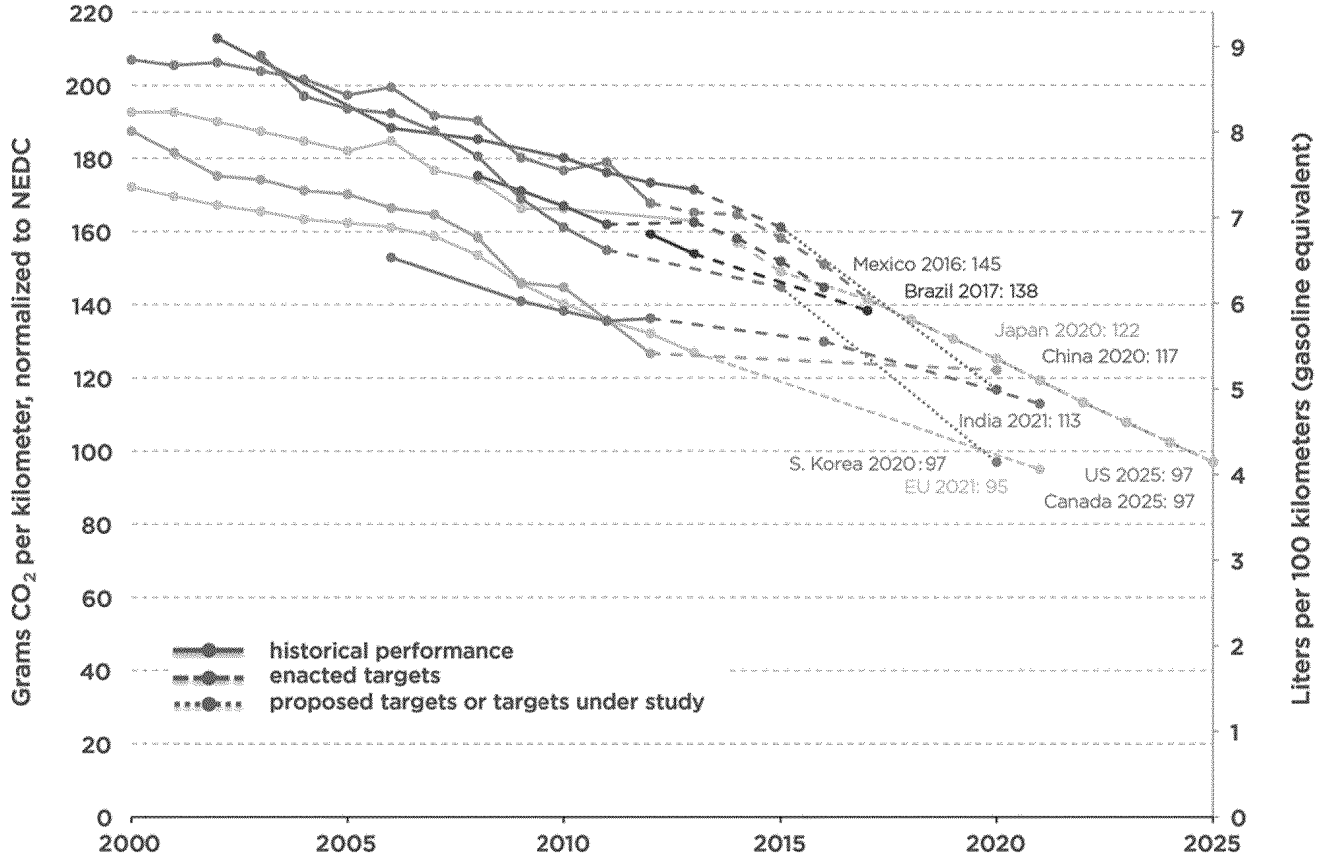
Global Passenger Car CO2 Standards



Source: International Council for Clean Transportation.

http://www.theicct.org/blogs/staff/improving-conversions-between-passenger-vehicle-efficiency-standards

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To: Barbara Kiss[barbara.kiss@gm.com]; Dan Ryan[DRyan2@mazdausa.com]; Jim Tamm[james.tamm@dot.gov]; Olechiw, Michael[olechiw.michael@epa.gov]; Cancalon, Pierre-Jean[Pierre-Jean.Cancalon@Honeywell.com]; Lindland, Rebecca A (KBB - Irvine)[Rebecca.Lindland@kbb.com]
Cc: Bolon, Kevin[Bolon.Kevin@epa.gov]; Ken.Katz@dot.gov[Ken.Katz@dot.gov]
From: james_kliesch@ahm.honda.com
Sent: Fri 1/20/2017 9:07:07 PM
Subject: Re: Fw: SAE 2017 Government/Industry - session logistics

Jim, Mike, Barbara, Dan, Rebecca, PJ:

We're looking forward to a good session next Wednesday at SAE Gov't-Industry. Thanks again for your participation.

If you haven't already done so, please email me (or upload to mytechzone):
1. a brief bio suitable to use in your introduction
2. your presentation slide deck

We'll be around early before the session so if you make last-minute changes to your slides, we can upload them via thumb drive. As a reminder, with 6 presenters we are now targeting 12-15 min (15 min max) presentations, plus ~5 min audience Q&A per speaker.

Please let me know if you have any questions. We'll see you next week.

Kind Regards,
Jim

Jim Kliesch
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202-553-0835 (mobile)
james_kliesch@ahm.honda.com

From: James Kliesch/AHM/AM/HONDA
To: "Barbara Kiss" <barbara.kiss@gm.com>, "Dan Ryan" <DRyan2@mazdausa.com>, "Lindland, Rebecca A (KBB - Irvine)" <Rebecca.Lindland@kbb.com>, "Cancalon, Pierre-Jean" <Pierre-Jean.Cancalon@Honeywell.com>, "Jim Tamm" <james.tamm@dot.gov>, "Olechiw, Michael" <olechiw.michael@epa.gov>,
Cc: Bolon.Kevin@epa.gov, Ken.Katz@dot.gov
Date: 11/21/2016 12:29 PM
Subject: Fw: SAE 2017 Government/Industry - session logistics

Barbara, Dan, Rebecca, Mike, Jim:

The SAE Gov't-Industry conference is a couple months away, and we look forward to you joining the light duty GHG session. While I know the timing is not ideal, SAE needs to nail down a number of items to maintain their production schedule for conference materials -- so if you could respond

with the following information as soon as possible (ideally before the Thanksgiving break), we'd greatly appreciate it.

1. A brief (brief!), high-level outline of your presentation. This will help us in our planning of the session, ordering of presenters, etc. Your assistance is much appreciated.
2. Your draft presentation title
3. A brief bio

Thanks in advance for your assistance.

Kind Regards,
Jim Kliesch (Honda), Kevin Bolon (EPA), and Ken Katz (NHTSA)

p.s. PJ: Thanks for sending along your info.

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American Honda Motor Co., Inc.
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----- Forwarded by James Kliesch/AHM/AM/HONDA on 11/21/2016 12:06 PM -----

From: James Kliesch/AHM/AM/HONDA
To: "Barbara Kiss" <barbara.kiss@gm.com>, "Dan Ryan" <DRyan2@mazdausa.com>, "Lindland, Rebecca A (KBB - Irvine)" <Rebecca.Lindland@kbb.com>, "Cancalon, Pierre-Jean" <Pierre-Jean.Cancalon@Honeywell.com>, "Jim Tamm" <james.tamm@dot.gov>, "Olechiw, Michael" <olechiw.michael@epa.gov>, "Barba, Dan" <barba.daniel@epa.gov>,
Cc: Bolon.Kevin@epa.gov, Ken.Katz@dot.gov
Date: 10/14/2016 10:50 AM
Subject: SAE 2017 Government/Industry - session logistics

Speakers,

Thank you for agreeing to present at the upcoming SAE Gov't-Industry conference session, "Informing the Standards: Light Duty GHG/CAFE and the Midterm Evaluation." We've got a great lineup of presenters this year, and look forward to an engaging session. We're tentatively scheduled for Wednesday, January 25th from 10:30a-12:30p. Here is the session description, and presenter list...

Informing the Standards: Light Duty GHG/CAFE and the Midterm Evaluation
In mid-2016, EPA, NHTSA and CARB jointly issued their Draft Technical Assessment Report (TAR), the first formal step in the “Midterm Evaluation” of upcoming fuel economy and vehicle greenhouse gas (GHG) standards. A summary of the agencies' views regarding the cost, emissions reduction, fuel-saving potential and consumer acceptance of vehicle technologies coming to market over the next decade, the TAR will help inform upcoming agency determinations of 2022-2025 fuel economy and vehicle GHG standards. This session examines the latest research and policy dialogue surrounding the Midterm Evaluation. Government and industry leaders will discuss such

topics as: opportunities and challenges facing the light duty sector, technologies anticipated to play a role through 2025, and the relationship between consumer choices and manufacturer compliance strategies.

Presenters:
Jim Tamm, Mike Olechiw/Dan Barba (TBD), NHTSA/EPA
Barbara Kiss, GM
Dan Ryan, Mazda
PJ Cancalon, Honeywell
Rebecca Lindland, KBB

Format-wise, the session will be similar to previous years: 5 presenters, each giving a 15 minute presentation with slides + 5 min of clarifying q&a from the audience. That will leave ~20 minutes at the end of the session for a "mini panel discussion" on topics driven by audience q&a. If you'd like, we're happy to set up a conference call check-in prior to the event to ask questions or walk through details. Let us know. In the meantime, please feel free to drop any of the session co-organizers (cc'd here) a line.

Today, we need to ask you for a few items (please send by Nov 15th):
1. A brief (brief!), high-level outline of your presentation. This will help us in our planning of the session, ordering of presenters, etc. Your assistance is much appreciated.
2. Your draft presentation title
3. A brief bio

In the coming weeks, SAE will be sending you a note with a few important deadlines and registration logistics. Thanks again for your participation.

Kind Regards,
Jim Kliesch (Honda), Kevin Bolon (EPA), and Ken Katz (NHTSA)

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