



AUTO ALLIANCE
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January 30, 2014

Hon. Claire Ayer, Chairwoman
Senate Committee on Health and Welfare
Vermont State House, Room 17
Montpelier, VT 05633-5301

RE: Senate Bill 239 - An Act Relating to the Regulation of Toxic Substances

Dear Chairwoman Ayer:

I am writing on behalf of the Alliance of Automobile Manufacturers to express our strong opposition to Senate Bill 239, *An Act Relating to the Regulation of Toxic Substances*. The Alliance is a trade association of twelve car and light truck manufacturers, comprised of BMW Group, Chrysler Group LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America, and Volvo Cars. Together, Alliance members account for roughly three out of every four new vehicles sold in the United States each year.

Protecting consumers and our employees from harmful exposure to hazardous materials is a top priority for automakers. This objective has been pursued through concrete actions. Not only are we producing more fuel-efficient and safer cars than ever, we have also made tremendous strides in reducing the amount of substances of concern contained within automobiles. For example, automakers removed lead wheel weights from all automobiles in 2009, have eliminated several PDBE flame retardants, are currently phasing out the use of deca-BDE, and are working with brake pad manufacturers to reformulate brake friction material to utilize compounds with a smaller environmental impact than heavy metals such as copper. In 2006, after eliminating the use of mercury in convenience lights and antilock brakes, automakers joined with the federal Environmental Protection Agency (EPA), states, environmental groups, and other industry stakeholders—such as steelmakers, auto dismantlers, and recyclers—to create the National Mercury Switch Removal Program. This program was designed to ensure the safe removal of mercury-containing switches in automobiles. More than 5.4 million mercury switches have been collected to date, preventing approximately 12,000 pounds of mercury from being released into the environment.

Automakers have also been the leaders in manufacturing recyclable consumer products. Automobiles are among the most recycled consumer products in the U.S. Through the recycling process, end-of-life vehicles are recycled into new vehicles, old consumer products are recycled into components of new vehicles, and parts of old vehicles are recycled into new consumer products. Approximately 86% of a vehicle's material content is recycled, reused, or used for energy recovery. Moreover, many auto manufacturing plants have gone landfill-free or zero waste-to-landfill.

For more than a decade, automakers have voluntarily maintained the Global Automotive Substance List (GADSL), an industry-focused global substance of concern list, as well as a sophisticated tracking database—called

Alliance of Automobile Manufacturers

BMW Group • Chrysler Group LLC • Ford Motor Company • General Motors Company • Jaguar Land Rover • Mazda • Mercedes-Benz USA • Mitsubishi Motors • Porsche • Toyota • Volkswagen • Volvo

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the International Material Data System (IMDS)—to actively reduce industry-wide use of substances of concern in global production. The auto industry has invested more than \$30 million dollars to build these systems, which now track more than 2,700 substances used in automotive components to limit the use of restricted substances in our products. Without automakers' development of these essential listing, tracking, and reporting tools, monitoring and controlling such a large number of substances used by our thousands of suppliers in making components would not be possible.

Despite significant progress in addressing this important issue, automakers recognize that there is more work to be done. While it may seem counterintuitive to some that an industry that relies so heavily on chemicals would support legislation that increases the regulation of chemical use, automakers have, in fact, been among the leading advocates for reform of the federal Toxic Substances Control Act (TSCA).

Automakers design and build vehicles to synthesize a variety of systems and individual parts to meet an array of consumer requirements and to comply with thousands of pages of international, federal, and state regulations. The average automobile has 30,000 unique components and each individual component is comprised of multiple chemicals and mixtures. Each automaker works with a global network of more than 1,000 suppliers, spanning multiple sectors from electronics to textiles. One way in which the auto industry has restructured itself to become a bright light in a challenging economy has been to shift to fewer vehicle platforms. For example, instead of utilizing unique frame and chassis structures for a compact, mid-size, and small SUV, some automakers have now standardized the production of all three models off one base platform. Reducing the number of vehicle platforms allows auto manufacturers to streamline the manufacturing process, lowering costs, and ultimately resulting in better products for our customers at competitive prices. The only way such efficiencies work, however, is when state, federal, and international regulations governing the manufacturing process align. Automakers support a single federal chemical management program could accomplish the goal of properly managing hazardous materials in products while also creating a more predictable regulatory environment by eliminating conflicts and inconsistencies that make compliance unnecessarily burdensome and costly for both the private and public sectors.

That is not to suggest that we do not believe states have a role to play in the regulation of potentially harmful chemicals. We readily acknowledge that states do have a very important role to play and the Alliance supports a process by which states can address their specific chemical concerns with EPA in a common, scientifically-based framework under a reformed TSCA. Automakers simply cannot efficiently manufacture their products if they are subject to a patchwork of laws and regulations at the state level.

Also the bill fails to recognize the problems presented by regulating sales of replacement parts to support older vehicles. This is not an insignificant issue as consumers purchase vehicles with the expectation that they will possess them for many years. The average age of automobiles in the U.S. today is over 11 years old. This legislation could result in disruption in the supply of thousands of older model replacement parts, impacting an automakers' ability to fulfill consumer warranties or repair the existing fleet. In addition, there is simply no financial structure that could support the analysis and potential chemical substitution for legacy vehicles.

Finally, this legislation establishes a *de minimis* level for chemical reporting of 100 parts per million (0.01%). This is 10 times smaller than the 0.1 % *de minimis* level used by most jurisdictions that regulate substances of concern. Such a stringent enforcement standard will necessarily result in the increased inclusion of countless products, with questionable additional benefit to the general public. Moreover, because automotive suppliers report at the 0.1% level under the GADSL list described earlier in this testimony, establishing a lower threshold

level will render the data already reported under GADSL worthless to comply with the reporting aspects of this legislation.

It is, therefore, worthwhile to consider what real-world goal the proponents of this legislation ultimately seek. From a manufacturer's perspective, at best, the passage of Senate Bill 239 will result in a significant waste of time and resources by the state of Vermont in the production of a list of chemicals duplicative of those already established, as Senate Bill 239 clearly expects the Commissioner of Health to look at priority chemical lists produced by the federal government and other states. Still worse, however, is the possibility that the state of Vermont produces a list of priority chemicals that differs from other governmental bodies, forcing individual automakers to consider the economics of manufacturing a Vermont-specific vehicle.

By including the automotive industry in this legislation, there seems to be an assertion made that automakers need additional motivation to produce more environmentally friendly products. Such a claim is not supported by a review of the facts. Automakers already spend billions of dollars annually on research and development activities to produce more environmentally-friendly vehicles. In fact, auto manufacturers traditionally rank at the top of research and development funding lists for all industries. The results of this commitment can be seen in advancements to fuel efficiency, innovative new safety technologies, and development of more sustainable materials for use in vehicle production.

We respectfully ask that the committee take no further action on Senate Bill 239. Recently recovering from a serious economic downturn, the automobile industry in the United States is now healthy. Collectively in Vermont, taxes and fees derived from the auto industry contribute over \$260 million annually to the general fund, while over 10,000 jobs in the state support the industry. Worldwide, an estimated 82 million vehicles were sold in 2013, the highest number sold in 11 years. The vehicles being sold are also the greenest, safest, and most energy-efficient that have ever been produced. This is the result of voluntary actions taken by automakers and well-established regulations governing the production of each vehicle. Senate Bill 239 will not serve to improve this vehicle production process; it will only add regulatory burdens that vehicle manufacturers must navigate, adding cost but little value to the consumer.

Thank you for considering the arguments presented herein. Please do not hesitate to contact me with questions or if I may provide additional information.

Sincerely,



Wayne Weikel
Director of State Government Affairs

CC: Senate Committee on Health and Welfare