



Consumer Federation of America

November 18, 2019

Ola Kaellenius, CEO
Daimler

Lex Kerssemakers, President & CEO
Volvo

Ralf Speth, CEO
Jaguar Land Rover

Dear Chief Executive Officer,

The Consumer Federation of America strongly urges you, as the chief executive officers of leading auto manufacturers, to join in the voluntary Light-Duty Greenhouse Gas Emissions Standards Agreement. In spite of the President's efforts to rescind California's authority, and the fact that several of your industry counterparts are siding with the Administration, we believe this agreement will enable your companies to both meet the needs of your customers and help foster a competitive automotive market on a global scale. It is apparent that the Department of Justice investigation into the agreement is nothing more than a political ploy and an effort to bully you into not joining the California initiative.

Already four of your industry colleagues, (Ford, Honda, BMW, and Volkswagen), have determined that this agreement is in the best interests of both their companies AND their customers. We remain 100% behind the current federal standards established in 2012, but given the Administration's ill-conceived and controversial attempt to roll back these standards, we believe your voluntarily agreeing to the plan would protect the investments your companies have made in fuel economy improvements, protect the viability of your products in the national and international market, and protect the beleaguered pocketbooks of your most important asset—your customers.

CFA, representing over 250 national, state and local groups across the country, is calling upon you to meet the desires of the over 80,000,000 Americans who will be buying your 2022-2026 model year vehicles. 12 years of public polling by CFA have consistently shown that consumers want more fuel efficient vehicles, are willing to pay for them, and support standards requiring them.

CFA strongly believes you should join this agreement for the following reasons:

- Consumers Will Save Billions of Dollars Which Will be Pumped Back Into the Economy: Our projections show that if the agreement is adopted by all of the major U.S. automakers, it would preserve \$800 billion of economic benefits out of the possible one trillion in benefits provided by the current the federal standards.

- The Voluntary Agreement Supports the Ability of Automakers to Be Competitive in the Global Marketplace: Other countries are increasing their efficiency standards, with some pledging to abandon the internal combustion engine entirely within a few decades. The Agreement promotes a robust presence in the competitive global automotive market place, as consumers increasingly flock toward fuel efficient cars. Automakers who have not advanced the fuel economy of their vehicles will be left behind. Those who have signed onto the agreement will be able to stay close to the rest of the world in the efficiency of their vehicle fleets.

- Joining the Voluntary Agreement Will Increase the Production of Electric Vehicles: The agreement provides incentives for manufacturers to increase availability of EVs. As your own investments have indicated, the vehicle fleet needs to be substantially electrified. In doing so, the industry will profitably recoup the billions that automakers have invested in EV technology.

- The Voluntary Agreement Will Reduce Uncertainty Associated with Protracted Legal Challenges to the Trump Administration's Anticipated Final Rule: Compliance with these compromise standards provides a clear regulatory path and enables product development to progress with confidence. A unified response by the manufacturers will likely reduce additional litigation.

- The Marginal Cost of Compliance with the Voluntary Agreement is Lower than the Cost of Compliance with the Federal Standard: While the California agreement achieves 80% of the efficiency level of the federal standards, it will cost significantly less than 80% of the estimated cost to meet those standards. In addition, as you know, the industry has consistently experienced much lower costs than originally projected to comply with standards, and EPA and NHTSA have consistently overestimated the actual cost to meet the standards. What is particularly significant is that the cost of improving fuel efficiency is not only quickly recouped, but covers the costs of safety improvements, new technologies and other features along with inflation.

The voluntary California agreement is unquestionably a substantial step in the right direction for your industry, your consumers and our economy. The original standards were supported by a broad coalition of automakers, labor unions, scientists, consumers and

environmentalists. The agreement with California can preserve much of that same consensus and spur the market to proceed vigorously on the many innovative technologies being developed by your companies.

Your support for the agreement will also help to preserve the principles of the process that helped to create a consensus around aggressive, but achievable standards, which is an example of American federalism at its best. Already states representing about 55% of all vehicles registered in the U.S. have sued to defend this important process.

The Consumer Federation of America, on behalf of American consumers, calls upon you to join the Voluntary Agreement. Not doing so will bring economic harm to your companies, financial harm to consumers, and stall the mounting efforts to improve the environment. Doing so will be a giant step forward in making your vehicles the efficient, clean and technologically sophisticated products your customers want.

We hope you will rise to the occasion and do the right thing for your companies, our economy and consumers by joining the Light-Duty Greenhouse Gas Emissions Standards Agreement. It's a win-win-win.

Sincerely,

A handwritten signature in blue ink that reads "Jack Gillis". The signature is written in a cursive, flowing style.

Jack Gillis
Executive Director
Consumer Federation of America