

The background of the slide features a large, light blue watermark of the UAW logo. The logo is a gear-like shape with a central circle and a ring of teeth. The text "UAW" is prominently displayed in the center of the gear. Surrounding the gear, the words "INTERNATIONAL UNION OF AUTOMOTIVE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA" are written in a circular path, following the shape of the gear's teeth.

**The Economic Case  
for Fuel-Saving Technology  
Creating Auto Industry Jobs**

**UAW**

**Brad Markell  
UAW Research Department  
August 2, 2011**



# Let's Work It Out!

- UAW goal was for agreement between regulators and companies
  - Possible only if that's what manufacturers want
  - Preferable because deeply technical and highly confidential business information required
- Presidential memo required consultation of all stakeholders
- Company technical staff *the* critical element



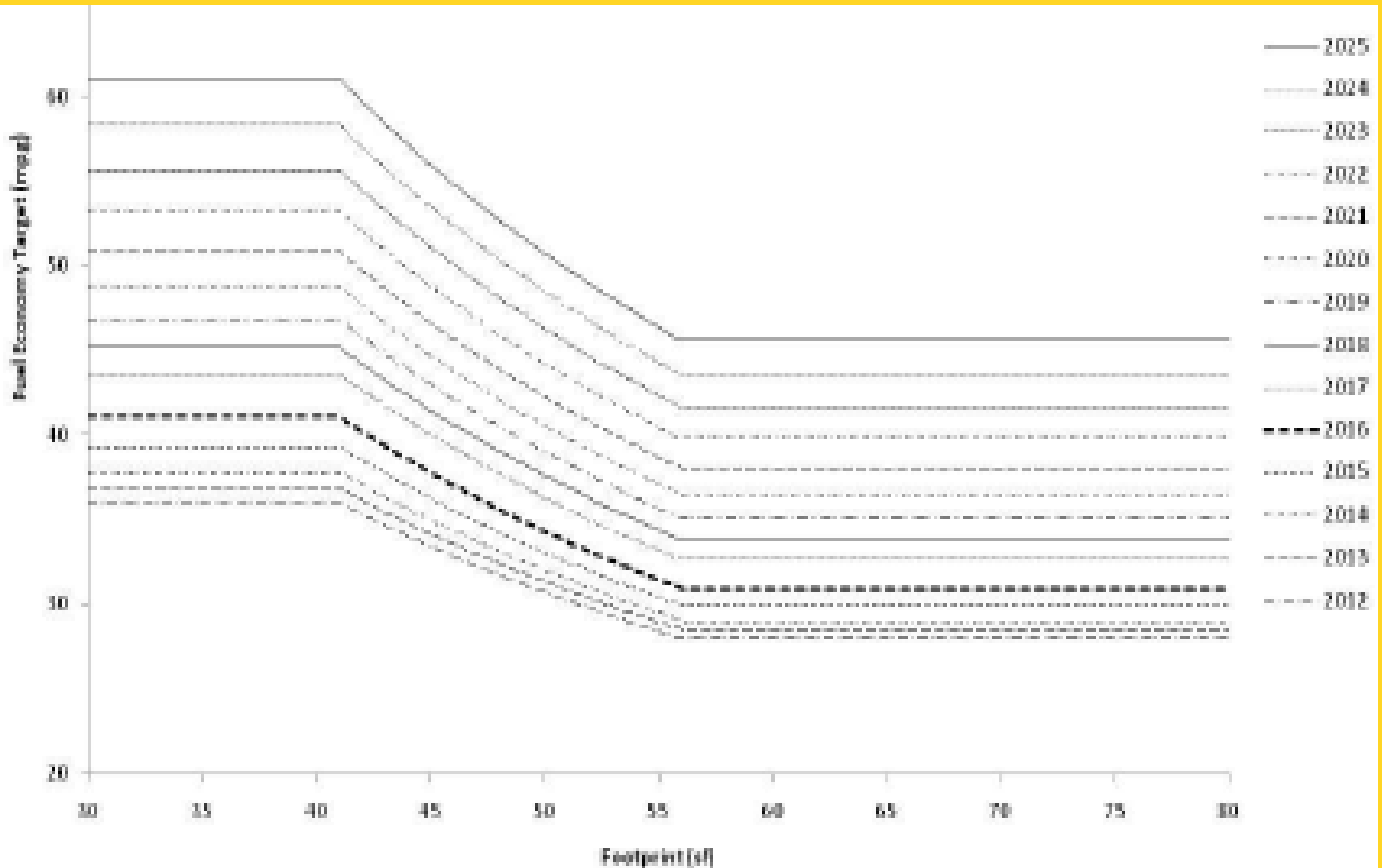
# What CAFE Achieves

- Motor Vehicle Sector – LDVs + MHD – contributing more to GHG reductions and oil security than any sector, by far
- Auto Industry on a path to reduce per-vehicle emissions over 80% by 2040.

**Bob King: Auto industry deserves huge recognition for its leadership on issues critical to our nation**

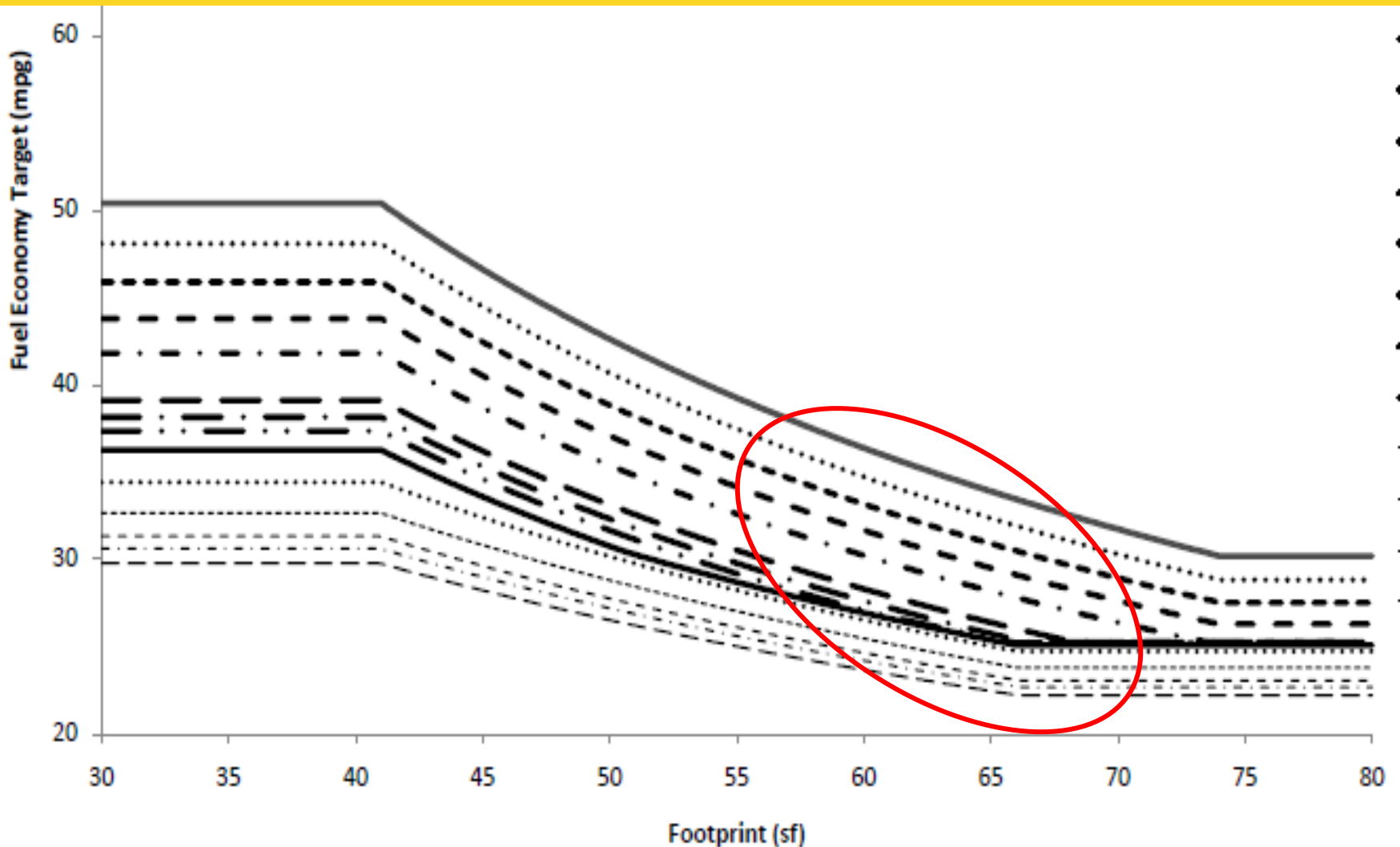


# Car Curves Slightly Changed





# Big Change to Truck Curves





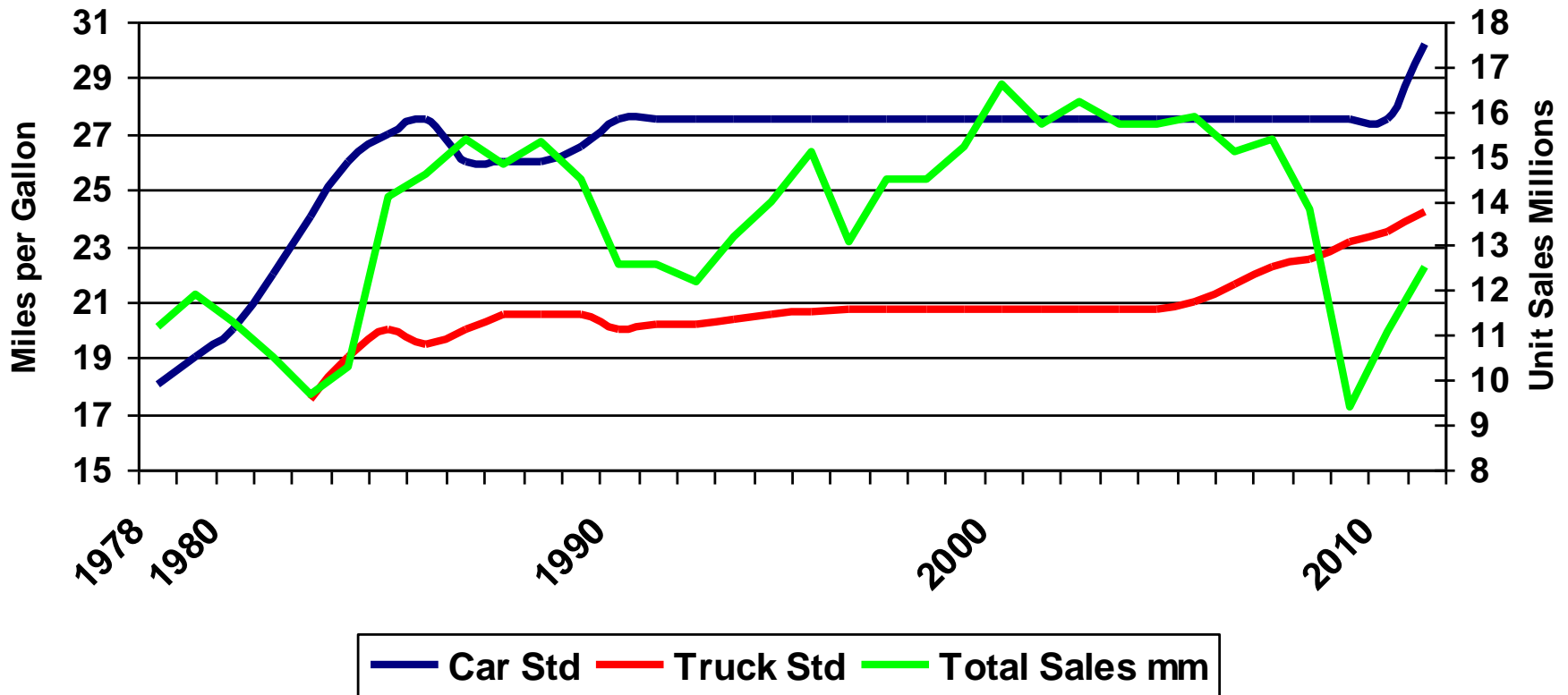
# CAFE Does Not Kill Sales

- Under no circumstance is the buyer worse off
  - Gas savings overwhelm price increase
- Is it the price of the vehicle or the cost of driving?



# CAFE Increases Hurt Sales?

## CAFE Standards vs. Sales





# CAFE Does Not Kill Sales

- Under no circumstance is the buyer worse off
  - Gas savings overwhelm price increase
- Is it the price of the vehicle or the cost of driving?
- Actual consumer experience does not involve a net-present-value calculation
  - Does involve higher monthly payments
  - Gas savings exceed incremental payment beginning month #1?



# Sales and Consumers

- No question consumers want to save on fuel costs, this is a key pocketbook issue
- Used vehicle prices show steep increase for more fuel-efficient models
- Surveys and manufacturer marketing efforts confirm this



# Ford Reacts to Business Opportunity

[http://media.ford.com/article\\_display.cfm?article\\_id=34825](http://media.ford.com/article_display.cfm?article_id=34825)

- **Dearborn, Mich., June 21, 2011** – More than 40 percent of consumers view fuel economy as “extremely important” when considering a new vehicle purchase today, a new study finds.
- What’s more, one third of consumers say fuel economy will have the “greatest impact” on their next vehicle purchase, and younger buyers place an even higher priority on miles per gallon.
- The Maritz Research survey results also track with Ford’s 2011 research and sales trends. Consumer perceptions of Ford delivering “good gas mileage” grew 57 percent from late 2008 to the end of the first quarter of 2011, according to Ford’s latest brand health study.

*“Customers are telling us clean and green vehicles matter most because they are good for people’s wallets and good for our planet,” said Mark Fields, Ford president of The Americas. “We hear what they are saying, and that is why Ford is absolutely committed to giving our customers vehicles with top fuel efficiency.”*



# Sales and Consumers

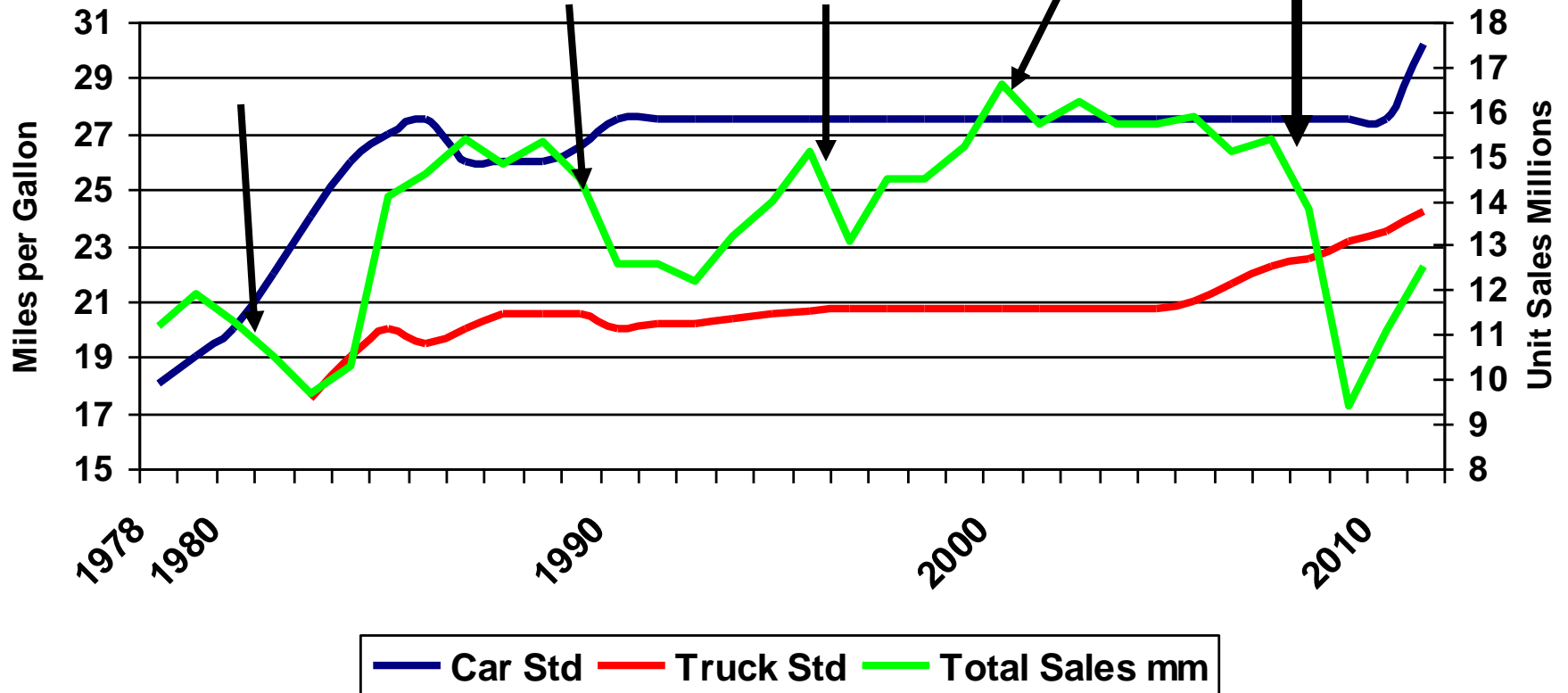
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**The main threat to auto sales is the lack of job and income growth**



# Economic Growth Matters Most

## CAFE Standards vs. Sales





# Standards + Incentives = More Jobs

- Demand for fuel-saving technology assured by changing customer taste and long-term regulatory certainty
- The UAW believes this is an opportunity to increase domestic employment

**Policies that assist in capital formation  
help create domestic employment**



# **UAW Approach: Invest in America**

- **Recovery Act Battery and Electric Drive Component Grant Program invests \$2.0 billion in U.S. *production***
- **U.S. will go from 2% of world's advanced battery capacity in 2008 to 40% by 2016**
  - **Similar progress on other electric-drive components**
- **U.S. finally gets smart and does what other nations have been doing – supports its auto industry and new technology**

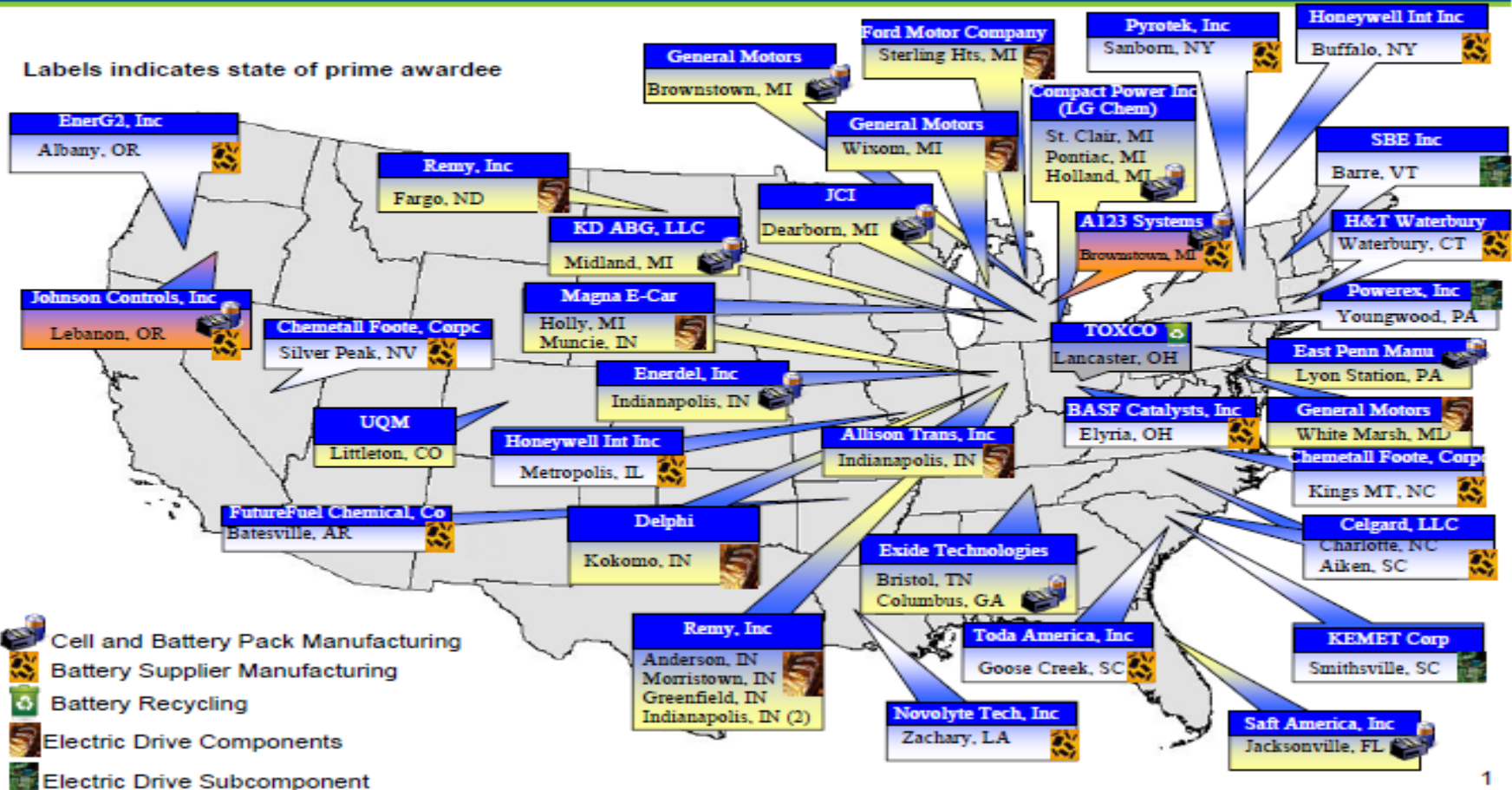


# ARRA Grants Jump-Start EV Industry in the U.S.

## Battery and Electric Drive Manufacturing Distribution

U.S. DEPARTMENT OF **ENERGY** | Energy Efficiency & Renewable Energy

Labels indicates state of prime awardee





# Driving Growth: Incentives Matter

- **2010 study by UAW, NRDC and Center for American Progress estimates that continued incentives could result in up to 150,000 additional auto industry jobs in 2020 @ 40 mpg fleet average**
- **Premised on *net incremental content* and projections about domestic production share**

**Near term: advanced conventional technologies provide most fuel savings and most jobs**



# Ford gets a \$5.6 Billion Loan from the Federal Government

- UAW-supported ATVM program that passed in late 2007 and was funded in late 2008.
- Ford approved for ***13 projects in 3 states that create or retain 38,000 jobs***
- Money can only be use to retool factories for fuel-efficient production and associated engineering
- Low-interest loan with generous pay-back terms
- Van Dyke, Rawsonville, Cleveland, Wayne, Louisville, and many more retooled with this money.