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***“Our Global Road Transport Priority:
Reducing CO₂ Emissions through an Integrated Approach”***

Dave McCurdy

President, International Organization of Motor Vehicle Manufacturers (OICA)

President & CEO, United States Alliance of Automobile Manufacturers

Thank you for inviting me to speak on behalf of the 41 national automotive trade associations who are OICA members. Through our automobiles, trucks and buses, we enhance quality of life by connecting people, products and services. Wherever our homes may be, we share the same commitment to sustainable mobility. We are dedicated to delivering safe, energy-efficient products that meet customer needs, and we want to use the earth's resources responsibly, minimizing environmental impacts, relying on renewable energy, and providing good jobs as we do so.

Today, we have gathered in this forum to review our priorities and explore options for the future. Wherever we go from here, we start at this same point. So let us begin by agreeing on these facts:

- The energy and transportation sectors face growing global demand. Reducing carbon emissions is a priority and a challenge.
- Mobility is linked with economic growth. Around the globe, ownership of an automobile represents a personal aspiration because it provides access to jobs, health care and more. Good vehicles play a key role in all economic life for the distribution of goods and products. Mobility needs vary, as they reflect different countries and cultures, but consumers everywhere seek affordable transportation, and consumers need to be part of the solution.
- There is no single solution, so automakers are developing diverse technologies that depend on the availability of a range of low-carbon fuels and energies. Bringing a new model to market requires 5-7 years or more in laboratories, testing grounds and production facilities. Innovation requires lead-time so industry needs consistent, long-term policies.
- Most importantly, ambitious results are only possible with a partnership of many contributors, both countries and sectors.

Given these facts, a policy framework for carbon reduction must be built upon these elements:

1. **Policies should be technology neutral.** Government should not pick winners and losers. Different markets may need different technical solutions, whether in terms of market preferences, fuel and road infrastructure, or purchasing power. Instead of mandating specific technologies, policymakers should set performance-based standards and let manufacturers determine how best to achieve them.

2. **The costs of carbon-reduction measures should be transparent.** Predictable price signals encourage conservation and incentivize businesses and consumers alike to invest in clean energy technologies. As consumers, we can all make better decisions with the help of better price signals or incentives, along with improved information on technology choices and their implications for energy savings and carbon dioxide (CO₂) reductions. Care should be taken, however, to keep the fiscal burden as neutral as possible to ensure consumer acceptance of any fiscal policy.
3. **Consistent, long-term policies provide predictability and adequate lead-time.** This is critically important for global, capital-intensive industries, like autos and energy, and it is important to preserve jobs and the communities dependent on that employment.
4. **We must share best practices and innovative measures to reduce carbon emissions.** Just as mobility needs may vary from place to place, the approaches to reducing emissions often reflect local priorities. There are many good ideas being implemented now, and forums such as this are excellent ways to share the knowledge of what works.
5. **Successful policies will integrate auto technology, fuels, infrastructure and roadways, and consumers.** Let me emphasize that an integrated approach is critical for achieving results and summarize why the inter-relationship among these groups is so important.

Automakers are producing advanced gasoline-powered cars, diesels, hybrids and vehicles powered by biofuels, electricity, hydrogen and more. Energy providers play a big role by providing lower-carbon fuels and energy infrastructure. Consumers need to buy new auto technologies and low-carbon fuels in large volumes, as well as practice “green driving.” And, government has an important role to play in providing market incentives needed to achieve policy goals, in providing investments in energy infrastructure and in planning for roads and traffic management systems that facilitate safe, efficient travel.

Each of us has a role to play. Automakers are reducing carbon emissions through innovation. The list of new technologies on sale today is long, including technologies like cylinder deactivation and stop/start engines for conventional gasoline engines, along with clean diesel vehicles and autos that run on electricity and biofuels. While these technologies seem to have appeared suddenly, in fact they result from decades of research and development. Innovation requires large investments of time and resources. That’s one reason why automakers traditionally rank at the top of R&D funding lists for all industries, including computers and pharmaceuticals.

Emission-free journeys are a powerful long-term vision, and advanced technology will move us closer. Still, we must acknowledge continued improvements to gasoline and diesel engines will play a significant role in future mobility.

While the future vehicle fleet may include many advanced technology autos, we should expect – and accept – that some will fail. The market should be allowed to weigh variables like cost, quality, reliability and risk. The best policies are based on performance metrics rather than technology mandates, allowing markets (and markets are simply consumers) to find optimal, lowest-cost solutions that meet low-carbon goals.

Efforts to sell alternative fuel autos will certainly depend on consumers being able to find a range of energy sources including biofuels, compressed natural gas, liquefied petroleum gas, clean diesel, electricity and even hydrogen. Looking forward, fuels and autos need to be evaluated together.

Advanced technology autos need new low-carbon fuels to power them, so government policies for automobiles need to consider availability of a range of alternative fuels, along with the infrastructure necessary to deliver those fuels to customers.

One example shows how the integrated approach plays out today. Energy prices and taxes drive consumer buying decisions, which affect carbon emissions. Diesel vehicles are 20-40% more efficient than conventional gasoline engines, yet clean diesel vehicles make up less than 3% of the market in the United States, compared to 50% in Europe. This results partly from U.S. policies that tax diesel fuel at a higher rate than gasoline, whereas in many European countries it is taxed at a lower rate. Moreover, in Europe 60-75% or more of the price of fuel is taxes, compared to 15% in the United States, and that has a dramatic effect on sales of energy-efficient autos. Tax measures can help create a market for breakthrough technologies, especially during the introduction phase.

It is important to share best practices and to promote new measures to reduce CO₂. In June 2010, the Organization of International Constructors of Automobiles (OICA) released a study titled *"Our Global Road Transport Priority; Reducing CO₂ Emissions through an Integrated Approach."* This report reviewed concrete measures around the world, including renewing vehicle fleets, influencing driver behavior and managing congestion.

One of the biggest sources of CO₂ arises when traffic stops. Easing congestion requires a balanced approach of policies, including road improvements, elimination of bottlenecks and public transit. Intelligent traffic management systems such as timed traffic lights, electronic tolling systems and onboard vehicle systems can help drivers find the most efficient route, saving fuel. Roadway policies are especially attractive because they bring immediate results, reducing CO₂ from all cars on the road today—not just new cars.

Japan has been a leader in achieving CO₂ benefits from smart road planning. Elevating 150 downtown Tokyo railway crossings reduced carbon emissions by 800,000 tons/year. Completion of Tokyo's three major ring roads reduced carbon emissions by 700,000 tons/year. Even small savings add up. Eliminating 10 railroad crossings in Sendai City cut CO₂ by 500 tons/year, while adding a right turn lane in Joetsu City reduced CO₂ by 230 tons/year.

In **South Korea**, electronic toll collection systems on the Seoul Ring Expressway are expected to reduce CO₂ emissions by 100,000 tons over 10 years. In the **United States**, we are starting to address traffic congestion. A recent study showed how modest improvements to 230 severe "bottlenecks" would save 150+ billion liters of fuel over 20 years. In **Germany**, comparisons of travel in Stuttgart under best and worst traffic conditions demonstrated that CO₂ was reduced by 25% without major congestion.

Ecodriving is another approach that provides concrete CO₂ benefits through smart driving and good vehicle maintenance. According to the International Energy Agency and the International Transport Forum, Ecodriving can reduce carbon emissions by up to 50%, depending on the individual driver. In **Italy**, "eco:Drive" software was applied to 33,000 autos, eliminating 3,000 tons of CO₂ over one year. In **Switzerland**, 36,000+ people trained in Ecodriving reduced 46,000 tons of CO₂ in 2007.

France found another innovative way to reduce CO₂. A Paris car-sharing plan involving 1,500 subscribers and 50 vehicles saved 1,290 tons of carbon emissions a year.

In the **United States**, government tax credits to buyers of advanced technology cars led to a 20% increase in sales. Researchers estimate that putting these cars on the road will save 1.8 million barrels of oil and avoid 760,000 tons of CO₂ over the lifetime of the vehicles.

Fleet renewal provides CO₂ benefits, since new vehicles are more energy-efficient than their predecessors. In the United States, our 2009 fleet renewal program reduced average fuel consumption by 34% over the vehicles replaced, reducing CO₂ by 320,000 tons/year. In **Austria**, fleet renewal is estimated to have saved 34,000 tons of CO₂/year. A study in **Italy** shows the potential reduction of carbon emissions to be 8.74 million tons per year, equal to removing 4 million cars from the road.

This is only a brief list of examples of specific CO₂ reductions. Find out more at www.OICA.net.

In conclusion, sustainable mobility depends on the collaboration of automakers, government, energy providers and consumers through an integrated approach.

One important contribution of government is creating the right conditions. Consistent, long-term, harmonized policies set the stage for effective carbon reductions. Delivering any new motor vehicle technology to market requires years of planning, and government policies that provide automakers with clarity, predictability, regulatory certainty and adequate lead-time are essential.

Government also plays a critical role in developing the energy infrastructure, promoting private-sector investment and innovation and incentivizing consumer adoption of advanced, low-carbon technologies. Electric mobility, in particular, will require development of infrastructure, including charging stations.

A collaborative, integrated approach can achieve the greatest carbon reductions, and automakers are prepared to move forward, working with you and other stakeholders to outline a roadmap for the future. We thank you for holding this forum.

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The 41 members of the Organization of International Constructors of Automobiles (OICA is the French acronym which translates into "International Organization of Motor Vehicle Manufacturers") are committed to technological innovation in the areas of safety, environment and fuel efficiency and seek global harmonization of safety and environmental standards to benefit all countries and all consumers. For more information, visit www.oica.net.

The Honorable Dave McCurdy, who currently serves as president of OICA, is president and CEO of the Alliance of Automobile Manufacturers, the voice of automakers in the United States. The Alliance represents 11 vehicle manufacturers including BMW Group, Chrysler, Ford Motor Company, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota and Volkswagen. For more information, visit www.autoalliance.org.