



Submission Regarding Bill C-12
An Act respecting transparency and accountability in Canada's efforts to
achieve net-zero greenhouse gas emissions by the year 2050

Submitted by
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President & CEO

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Introduction:

On behalf of the 15 members of the Global Automakers of Canada I am submitting these comments to the Standing Committee on Environment and Sustainable Development as it considers the merits of Bill C-12

At the outset of our remarks we wish to underscore the commitment of our members to a decarbonized future for the products our members are bringing to the Canadian market. Our members alone will be bringing more than 125 ZEVs to the Canadian marketplace by 2025, and the development of robust but achievable light duty emission standards in conjunction with those of the United States will continue to encourage the development and production of both zero and low carbon emitting vehicles.

Light duty vehicles are responsible for approximately 12% of Canada's overall GHG emissions (Chart 1) and have been the focus of federal and provincial regulatory intervention to facilitate the reduction of emissions. These initiatives have assisted in putting the industry on course to reduce emissions by 30% from 2005 levels by 2030 (Chart 2).

CHART 1

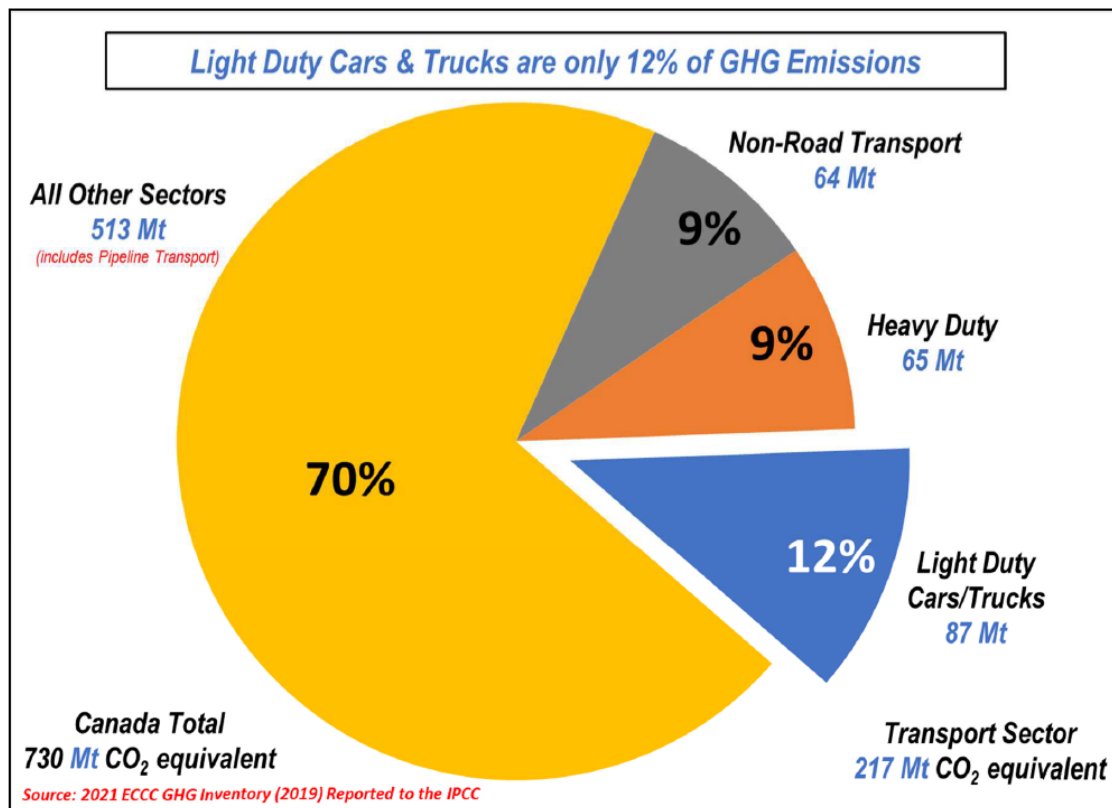
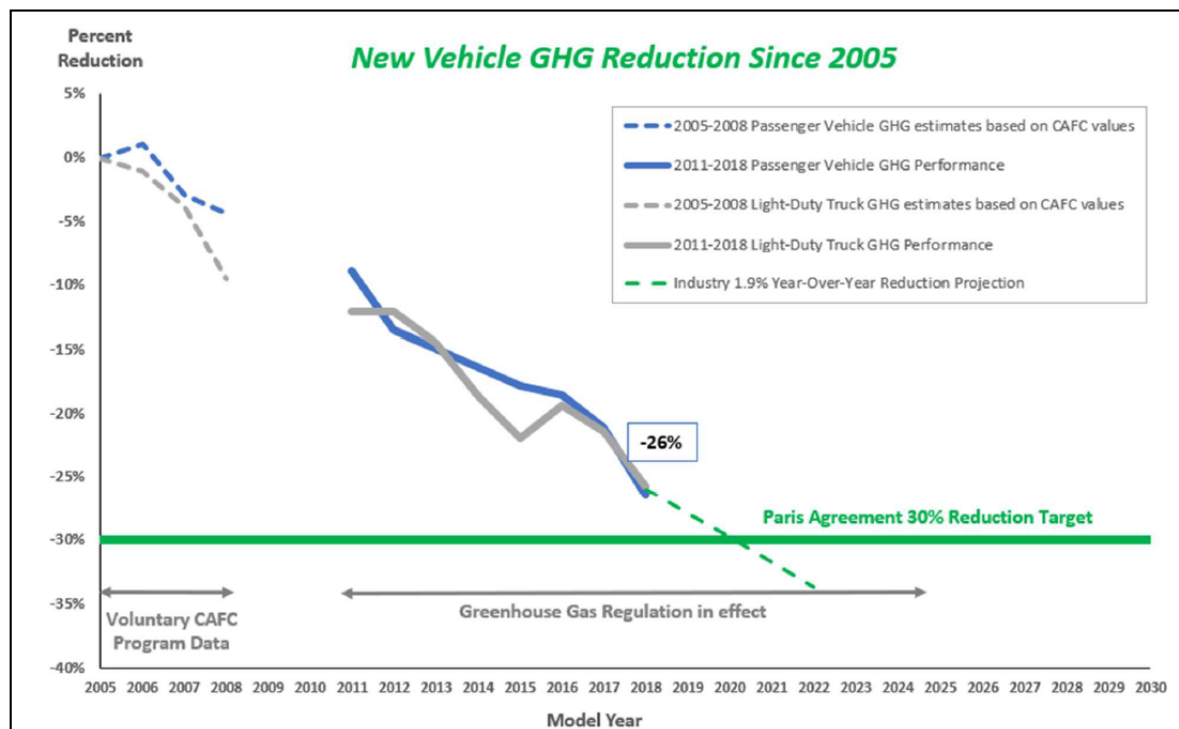


CHART 2



The overall challenge for the on-road transportation sector remains the number of vehicles on the road, which have increased 42% since 2005 despite the fact that annual vehicle kilometers driven have fallen.¹ While the transition to zero emission vehicles will assist in bringing down emissions they are currently being sold in such low volumes (currently about 3.5% of all vehicle sales) that it will be some time before they make a dent in emissions growth arising from vehicle parc growth. However, as noted above, in the near future it is expected that there will be more than three times the current number of ZEV models available from manufacturers. Importantly, the government and industry will need to find a way to address the key barriers²³⁴ of price, infrastructure, and education/awareness to ensure that there are customers for the slew of new models coming to the market.

While much regulatory focus has been brought to bear on new motor vehicles, in any given year new motor vehicle sales comprise roughly 6% of the on-road fleet in any given year (Chart 3). Further, it takes approximately 20 years to turn over the vehicle parc.

Given that the expectation of Bill C-12 is for the emissions reduction plan to incorporate sectoral strategies that will facilitate hitting the various targets and milestone year targets, we believe that it is critical for the Minister and the Advisory Body to the Minister to consider both the progress achieved

¹ National Inventory Report 1990–2019: Greenhouse Gas Sources and Sinks in Canada – Executive Summary 2021 Edition

² Zero Emission Vehicle PCO Survey, November 19, 2020

³ Deloitte, “2021 Global Automotive Consumer Study”

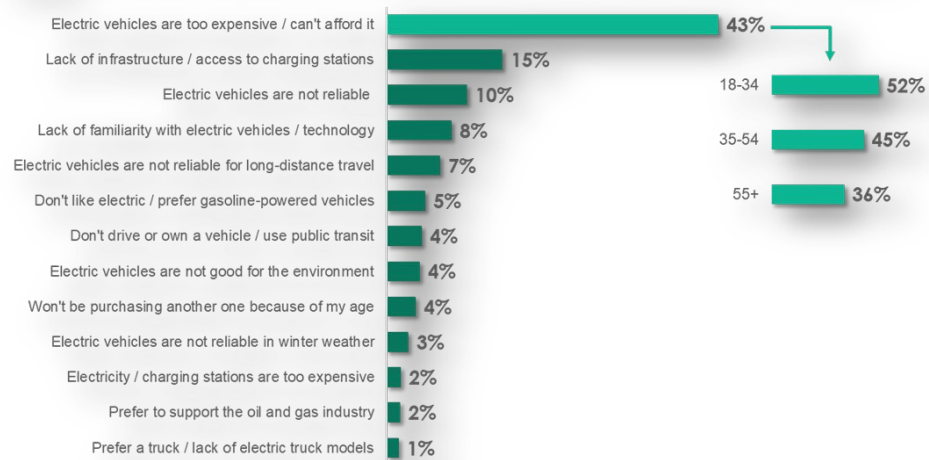
⁴ Leger, Online Survey for Canadian Vehicle Manufacturers Association and Global Automakers of Canada, April 9, 2021

by the LDV sector. Efforts to address emissions from the existing on-road fleet will need to be a primary focus to maximize the potential emissions reductions from the light-duty vehicle sector from 2030 and beyond. Measures such as targeted scrappage programs, and the transition to low carbon/renewable fuels are amongst the initiatives that should be prioritized.

CHART 3

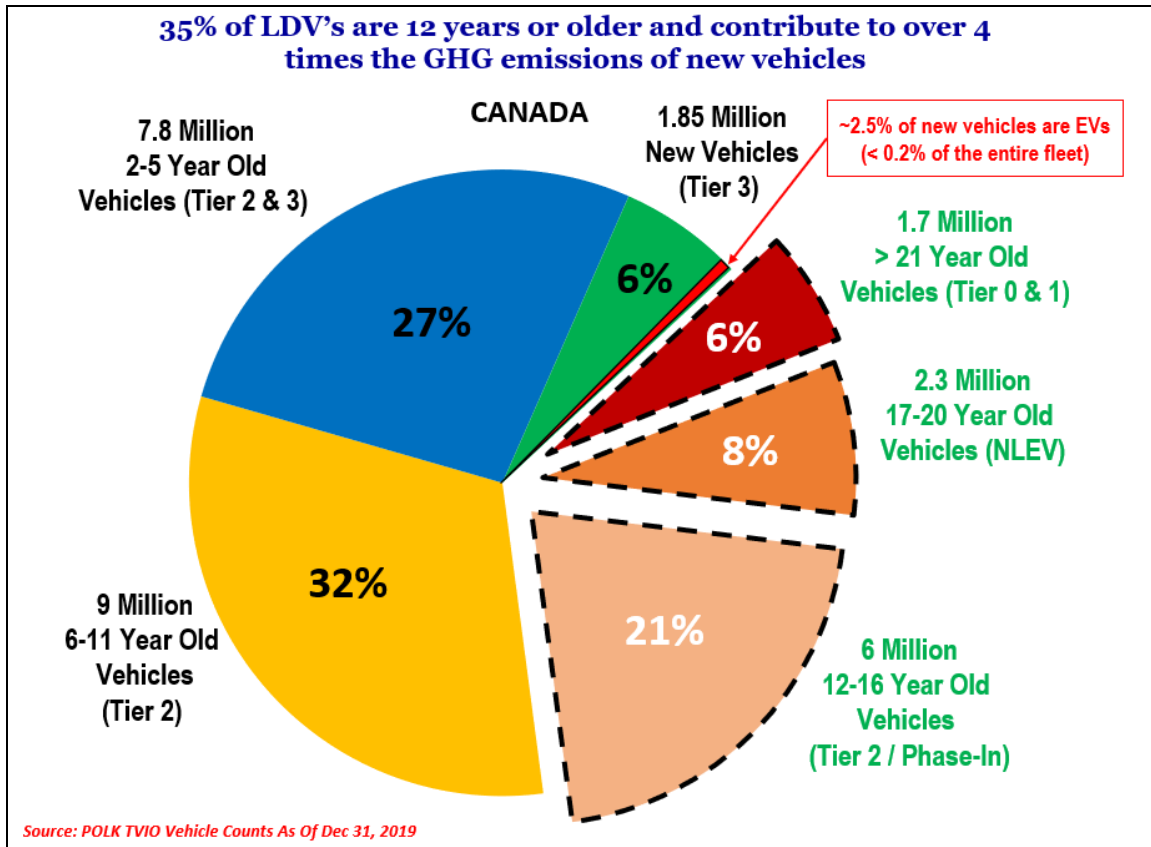
Cost is by far the main barrier to purchasing a plug-in electric car or truck and is a more prevalent impediment among younger Canadians

And what is the main reason you do not own and do not expect your next car or truck to be an electric model?



Source: PCO Survey on Current Issues, November 2 – November 8, 2020
 Base: Respondents who do not own and do not expect your next car or truck to be an electric model (n=799)
 * Percentages add up to more than 100% due to multiple mentions

CHART 4



Recommendations:

1. Given that the preamble to the Bill notes that achieving net-zero emissions by 2050 should contribute to making Canada's economy more resilient, inclusive and competitive, we recommend that for the automotive industry milestone targets and emissions reduction plans to achieve those targets are best pursued on a North American basis under mechanisms such as the Roadmap for a Renewed US-Canada Partnership announced on February 23, 2021 and the Regulatory Cooperation Council to ensure that measures are pursued on a North American basis to mitigate any cross-border vehicle arbitrage or economic dislocation as a result of one jurisdiction being out of sync with the other
2. While we support the establishment of targets to send the necessary signals to industry, again, these milestone target ambitions should be set within the context of at least the North American market to ensure that emissions targets and objectives are not undermined by potentially lower targets and sectoral objectives in the United States
3. We support the public participation provisions of Section 13 in setting or amending emissions reduction target for 2030 under section 7(2) and the requisite emissions reduction plan for 2030 under section 9(2) along with any sectoral strategies feeding into emissions reduction plans

under section 10 (1) (c). However, we recommend the mandatory consultation with industry by the Advisory Body to the Minister also be included under the provisions of this section.

4. Given the fact that Canada has failed to achieve any of its emissions reductions targets, and the expectation that there will be significant efforts by industry and regulatory intervention by the government to attempt to meet its emission reduction targets and its milestone targets, the provisions of Section 16 are insufficient. We recommend that the Government of Canada be required to purchase credits or address the gap through other such mechanisms thereby holding the Government accountable to the same extent that industry will be held accountable under the sectoral strategy provisions of section 10.
5. Given the scope and authority granted to the Advisory Body under section 20 (1) of the Bill it is recommended that it be made an explicit requirement of the Advisory Body's role to consult with stakeholders prior to making recommendations to the Minister.

About Global Automakers of Canada:

Global Automakers of Canada is the national industry association representing a unified group of 15 global automakers engaged in the manufacture, importation, distribution and servicing of light duty vehicles in Canada. The GAC represents 59% of Canadian vehicle sales, and our members and their affiliates are responsible for 57% of Canadian vehicle production and 77,000 direct and indirect jobs in the Canadian economy.

The GAC advocates for sound public policy to support a competitive and sustainable automotive market in Canada. Our members are committed to meeting the mobility needs of Canadians by providing greater consumer choice, offering leading edge safety and environmental technologies and eliminating unnecessary regulatory and trade barriers.

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