

October 21, 2011

The Honorable Lisa P. Jackson
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Jackson:

The Association of Global Automakers, Inc. (Global Automakers)¹, formerly known as the Association of International Automobile Manufacturers (AIAM), submits this letter in support of reducing further gasoline sulfur content and otherwise improving and harmonizing gasoline quality parameters. Global Automakers represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Our members' market share of both U.S. sales and production is 40 percent and growing. We work with industry leaders, legislators, regulators, and other stakeholders in the United States to create public policy that improves motor vehicle safety, encourages technological innovation and protects our planet. Our goal is to foster an open and competitive automotive marketplace that encourages investment, job growth, and development of vehicles that can enhance Americans' quality of life.

For the past year we have been working cooperatively with EPA (and even longer with the California Air Resources Board (ARB)) on transitioning to more stringent Tier 3 emissions standards (referred to as LEV III standards in California). To the agencies' credit, EPA and ARB have recognized the benefits of harmonizing the motor vehicle programs for many years, and of course, harmonization between EPA and ARB has been a major and necessary component of the national program for recent rulemakings on greenhouse gas emissions and fuel economy. We appreciate the efforts to date to harmonize such programs and believe that further steps can be taken to ensure the environmental and energy-saving benefits of EPA's regulatory efforts for motor vehicles.

Ten years ago when the current Tier 2/LEV II standards were promulgated, EPA recognized that fuels and vehicles are a system, and that fuel quality standards are an essential element of motor vehicle emissions control along with vehicle standards. In the Tier 2 rulemaking, EPA promulgated the first gasoline sulfur requirements. While this was a needed step, EPA did not harmonize fully with California's stricter and more comprehensive gasoline quality requirements at that time.

¹ For more information, visit www.globalautomakers.org.

For the Tier 3 rulemaking, it is imperative that EPA focus on setting stringent fuel quality standards to bring U.S. gasoline in parity with fuels in other major world economies and continue the recognition that a system approach – vehicle *and* fuel quality standards – is needed. According to the International Fuel Quality Center’s most recent survey² (April 2011), the U.S. ranks 46th among countries of the world in gasoline sulfur control, behind the European Union, Japan, and Korea, all of which have a 10 parts per million (ppm) sulfur cap for gasoline. This fuel ranking is despite the fact that U.S. vehicle emissions requirements are among the most stringent, if not the most stringent, in the world and soon to be even more stringent. There is also a disparity between EPA’s and ARB’s gasoline sulfur content requirements within the U.S., as shown below.

EPA’s current gasoline sulfur standards are:

- 30 ppm sulfur average
- 80 ppm sulfur cap at refinery gate
- 95 ppm sulfur cap at the retail pump

ARB’s current standards are:

- 15 ppm sulfur average
- 30 ppm sulfur cap (moving to 20 ppm cap in early 2012)

At a minimum EPA should harmonize with ARB’s gasoline sulfur requirements in the Tier 3 rulemaking. However, we recommend that both EPA and ARB move to the 10 ppm sulfur cap, which is in place in most of the developed nations. Lower sulfur gasoline will enable automakers to meet more stringent, harmonized Tier 3/LEV III standards. Moreover, it will be instrumental in automakers introducing the advanced technologies needed to comply with the greenhouse gas emissions and fuel economy standards anticipated for the 2017 model year and beyond.

Improving fuel quality also provides a major environmental benefit by improving the catalytic converter operation of vehicles. Gasoline sulfur acts as a “poison” to catalytic converters, the primary emissions control system on vehicles, reducing the effectiveness of the system and resulting in higher emissions than would otherwise occur. This impact will be of particular concern for new Tier 3 vehicles, which will be expected to maintain near zero emission levels for an extended lifetime for the vehicle (out to 150,000 miles).

Reducing the gasoline sulfur content will also provide significant emissions benefits for existing vehicles on the road, or “legacy vehicles.” While not all effects from sulfur “poisoning” are reversible, most catalytic converters will partially recover lost effectiveness via the use of lower sulfur gasoline. Thus, the use of lower sulfur gasoline by the legacy fleet will provide significant additional air quality benefits.

Gasoline sulfur content is clearly not the only important gasoline quality parameter. In fact, EPA and ARB have regulated other gasoline parameters in their respective reformulated gasoline (RFG) standards. While ARB applies these RFG standards statewide, EPA does not apply its RFG standards nationwide, leaving many gasoline parameters unregulated except in RFG areas, which represent about 30% of gasoline sold nationwide. In addition to lower sulfur content, EPA should consider the benefits of adopting nationwide standards for other gasoline parameters including aromatics, olefins, and distillation, among others. Global Automakers

² See www.ifqc.org/miscellaneouscontent.aspx?contentid=52.



recommends that EPA consider adoption of the Category 4 unleaded gasoline specifications in the World Wide Fuel Charter.³

We would be glad to discuss these recommendations with you. Please feel free to contact John Cabaniss, our Director for Environment & Energy, at (202) 650-5562 or jcabaniss@globalautomakers.org, if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Michael J. Stanton".

Michael J. Stanton
President & CEO

cc: Gina McCarthy, Assistant Administrator, OAR
Margo T. Oge, Director, OTAQ
Mary Nichols, ARB
James Goldstene, ARB
Tom Cackette, ARB

³ See <http://www.acea.be/images/uploads/aq/Final%20WWFC%204%20Sep%202006.pdf>