

PUBLIC STATEMENT ON THE QUEBEC ZEV STANDARD

February 2021

Overview

The member companies of our association are the principal regulated parties under Quebec's Act to increase the number of zero-emission motor vehicles in Québec in order to reduce greenhouse gas and other pollutant emissions (ZEV Act) and its attendant regulations. All GAC member companies are committed to reducing greenhouse gas emissions from road transportation, a goal that is one of the key objectives of the ZEV Act. While we have actively supported the Quebec government's decarbonisation goals, our association believes that vehicle electrification is one tool among many to reduce on-road GHG emissions.

Under the first compliance period of the ZEV Standard, automotive manufacturers were able to achieve the ambitious ZEV sales targets laid out by the government. This is evidenced in the report released by Quebec's Ministry of the Environment and the Fight Against Climate Change (MELCC) in April of 2020. The success of manufacturers under the first compliance period was the result of both manufacturers' investments in ZEV technology and a critical government incentive program to increase demand for these vehicles. The next compliance periods under the ZEV standard will significantly increase the credit requirements for manufacturers and include additional stipulations for large manufacturers with respect to a BEV sales minimum. Manufacturers will continue to invest to meet the goals of Quebec's ZEV standard however, if the standard is to succeed, government incentive programs and investments in infrastructure must continue.

For automotive manufacturers who must manage global supply change and vehicle production strategies, regulatory certainty and appropriate lead-time is critical. Our members have already made the necessary planning to meet the targets in the ZEV regulation out to 2025. We are concerned that the Quebec government's goal of a ban on new internal combustion vehicle sales by 2035, as laid out in the 2030 Plan for a Green Economy, will result in untenable changes to the ZEV Standard prior to 2025. While automakers have been consulted and involved throughout the development of the ZEV legislative and regulatory framework, they were not consulted when the Quebec government developed its 2030 Plan for a Green Economy or when it decided on its 2035 ICE ban.

Our Key Positions:

- 1. Quebec must adhere to the targets and technical aspects of the ZEV Standard already legislated out to 2025. Manufacturers have already locked in product strategies based on existing legislative targets out to 2025.**
- 2. Quebec must consider the impact of the 100% ZEV sales target by 2035 in the 2030 Plan for a Green Economy. This 2035 target would put Quebec out of sync with both the Canadian Federal government's goals and the ZEV sales targets in British Columbia. This would have a severe negative impact on the sale of both ZEVs and ICE vehicles in Quebec.**
- 3. Quebec must maintain technical alignment with California's ZEV standard. Technical alignment through the North American market is critical to provide a stable environment for manufacturers and provide greater choice of vehicles to consumers.**

About Us

Global Automakers of Canada (GAC) is the national trade association representing the Canadian interests of 15 of the world's most respected automakers. Our members include: BMW Group Canada Inc, Honda Canada Inc., Hyundai Auto Canada Corp., Jaguar Land Rover Canada ULC, Kia Canada Inc., Maserati Canada Inc., Mazda Canada Inc., Mercedes-Benz Canada Inc., Mitsubishi Motor Sales of Canada Inc., Nissan Canada Inc., Porsche Cars Canada Ltd., Subaru Canada, Inc., Toyota Canada Inc., Volkswagen Group Canada Inc. and Volvo Car Canada Ltd. Together our members represent more than 25 brands in the Canadian automotive market. Our members represent more than 90% of Quebec's new passenger car market and 70% of Québec's light duty vehicle market.

GAC members and their associates employ, directly or indirectly, more than 77,000 Canadians in automotive manufacturing, sales, distribution, parts, service and financing, as well as in head office operations. In addition, our members support nearly 67% of the automobile dealerships in Quebec employing approximately 23,500 people. Three-quarters of our members have regional offices and one-third have parts distribution centers in the province. There are also six training centers and one financing center operating in Quebec, which together employ hundreds of Quebecers.