



Backgrounder: Sound Vehicle Standards & Policies Drive Strong Job Growth

A summary of research and analysis of the impact of CAFE standards on job growth in the United States

The goal of the Midterm Evaluation of the 2017-2025 passenger car and truck fuel economy and greenhouse gas standards is to assess technology deployment and cost, but the review naturally spurs a broader discussion of the standards' impacts, including on jobs. The potential impact is significant as the auto industry sits squarely at the center of advanced manufacturing and the U.S. economy. ***Here's what we know:***

Implementation of the fuel economy standards to date has happened simultaneously with a dramatic recovery of the U.S. auto industry.

- Five years into implementation, the standards are on track and are delivering deep cuts in fuel use and carbon pollution. Over the same period, U.S. automakers have made a dramatic return to profitability and to record sales of more fuel-efficient vehicles across the fleet.

Since the recession, overall job growth in the industry has been strong, aiding a recovery of U.S. manufacturing as a whole.

- **The U.S. auto industry has added nearly 700,000 direct jobs** since the recession low point in mid-2009.¹ These jobs support several million indirect jobs throughout the economy.
- Direct jobs added include: More than **300,000 added jobs in motor vehicle and parts manufacturing**, and **380,000 added jobs at auto dealers**. This brings total manufacturing employment in the industry to 930,000— representing nearly 50 percent growth since 2009, and bringing employment at auto and parts dealers to 2 million, which is its highest level ever.
- **Auto manufacturing jobs accounted for 40 percent of all net jobs added in U.S. manufacturing** since the recession.
- The auto industry hasn't yet brought back the several hundred thousand manufacturing jobs lost in the decade *before* the recession, but the past seven years have seen the first period of sustained growth in automotive manufacturing—or in U.S. manufacturing jobs as a whole—since 1999.

Studies predicted added job growth as a result of the standards—and appear to be directionally accurate.

- Studies done between 2010 and 2012—including EPA's own analysis as part of the rulemaking—predicted **additional manufacturing job growth in the range of 50,000- to 100,000 jobs by 2025-2030** as a result of one or both rounds of standards, above and beyond business as usual industry investments or employment levels.²
- These **added jobs come from enhanced investment to develop, manufacture and incorporate additional technology** necessary to improve fuel efficiency and meet the standard.

¹ All employment data in this section is from the U.S. Bureau of Labor Statistics. Analysis and calculations, BlueGreen Alliance. More detailed data, graphs, description of individual studies, and methodology available in our mini-report due out in mid-July.

² [Regulatory Impact Analysis, U.S. Environmental Protection Agency \(EPA\), 2012; Driving Growth, Center for American Progress, Natural Resources Defense Council \(NRDC\), and United Autoworkers \(UAW\), 2010](http://drivinggrowth.org/driving-growth-report/). Available: <http://drivinggrowth.org/driving-growth-report/>.

- The **scale of added manufacturing job growth is strongly dependent on the share of these new technology manufacturing investments made in the United States.**³
- Macro economic studies also looked at **total employment impacts of the standards** due to direct and indirect job growth, and to consumer re-spending of fuel savings. They **show around 500,000 jobs added throughout the economy**, even under lower gas price scenarios.⁴

Studies counting actual jobs in companies manufacturing fuel efficient vehicles and components suggest these estimates are in the right ballpark.

- **Data from, 2011 showed 150,000 workers in 500 facilities manufacturing fuel efficient components.**⁵ If growth in this subsector of the industry has tracked or exceeded auto manufacturing as a whole, **growth of tens of thousands of jobs would be expected.** An updated study is underway now.
- A late 2012 study of actual employment in automotive states showed automotive job growth strongly outpacing the recovery, and numerous plant level examples of fuel economy-related reinvestment.⁶

Studies also confirm the impact of manufacturing policy on domestic automotive employment.

- Economic analysis done to review the impact of the Administration's 2009 auto recovery loans found very large economic and jobs benefits, including the **preservation of 238,000 manufacturing jobs** and 2.6 million jobs throughout the economy.⁷
- Review of the Advanced Technology Vehicles Manufacturing Loan program finds that it secured or **added jobs in 18 manufacturing plants in eight states that directly employ 38,000 people today and support approximately 93,000 additional indirect manufacturing jobs** throughout the supply chain.⁸

Overall these studies underscore that job growth in the industry depends not only on the overall recovery of the economy and vehicle sales, but also on added investment in innovative and additional technology driven by the standards, and the degree to which existing and new vehicle technology is built in the United States.

Maintaining sound fuel economy standards and complementary manufacturing policies key to maintaining job growth.

The automotive recovery over the past decade was not an accident, and continuing this upward trajectory depends on sound policy, including:

- **Maintaining effective, long-term, soundly structured fuel economy standards** that provide the certainty needed for long-term investment in emerging technologies and jobs. Today's sound, "footprint"-based standards are critical to maintaining consumer fuel savings, automotive investments, and job growth across all types of vehicles and segments of the industry. (See our recent report on how the standards are working [here](#).⁹)
- **Sustaining manufacturing policies and incentives such as the successful ATVM** program that encourage manufacturing of advanced vehicle technology and anchor growth of critical networks of advanced transportation suppliers.

Finally, continued job growth in the auto industry— as in U.S. manufacturing as a whole—depends on enacting sound national economic and trade policies, and strong enforcement of the trade and currency policies we have today.

³ [Driving Growth](#), CAP, NRDC, UAW, 2010

⁴ [More Jobs per Gallon, Ceres, 2012](#); [Gearing Up](#), BlueGreen Alliance, 2012; [Factsheet: Midterm Review](#), UCS, 2016.

⁵ [Supplying Ingenuity](#), NRDC, National Wildlife Federation (NWF) and UAW, 2012.

⁶ [How Fuel Efficiency is Driving Job Growth in the U.S. Auto Industry](#), NRDC, NWF, and Michigan League of Conservation Voters, 2012.

⁷ [CAR Research Memorandum: The Effect on the U.S. Economy of the Successful Restructuring of General Motors](#), Center for Automotive Research, 2013.

⁸ BlueGreen Alliance analysis.

⁹ [Combating Climate Change 426,000 Pickup Trucks at a Time](#), BlueGreen Alliance,, 2016.