

**ENVIRONMENTAL / ECONOMIC COMMITTEE: ELECTRIC AUTOMOBILE
RESTRICTIONS**



Members of the Dias: Marcela Vázquez and Harold Peón

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I. Background Information:

The automobile was invented in Europe during the late 1880s, though Americans quickly came to dominate the automotive industry in the first half of the twentieth century. Today, the automotive industry is one of the most multi-faceted and far-reaching industries in the world. For most of its existence, the environmental effects of this industry have been disregarded; however, with growing awareness in the last few years, people have begun to care about their vehicles' ecological footprint. Most cars need gasoline to run, and in the United States, there's around 838 cars for every 1,000 people - for an estimate of over 270,000,000 cars on American roads. These cars collectively traveled 2.7 trillion miles in 2018 - a figure that grows consistently year to year.

People's dependence on oil to move around has made the industry another one of the most powerful in the world economy. More than four billion metric tons of oil are produced worldwide every year. In 2018, the U.S. produced 669 million metric tons of oil, making it a top producer of the fossil fuel. As of 2018, the United States has the world's ninth-largest oil reserves. More notably though, the U.S. is the world's largest oil consuming nation, consuming nearly 919.7 million metric tons of oil in 2018.

It is widely known that the extraction and usage of oil is harmful to our environment - drilling disrupts wildlife habitats, their usage can pollute the air and water sources, and the emissions released from fracking and burning oil are greenhouse gases, which in turn contribute to climate change. Moreover, fossil fuels are nonrenewable resources. Experts predict that if we keep depleting our reserves at the current rate, we will run out of oil and gas by the 2060s.

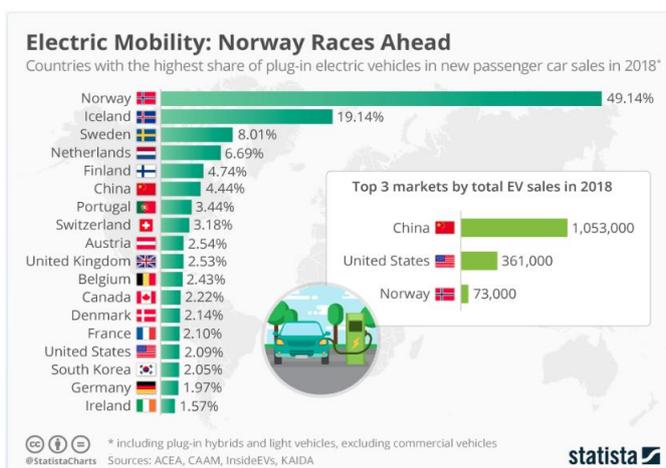
The United States accounts for nearly 20% of global oil consumption, despite having less than 5% of the world's population. As a nation, America sits at the top of many lists, but not when it comes to electric vehicle integration. One of the reasons why the United States consumes so much oil is because, though it drives a lot, it does it entirely with cars that use petroleum based fuels. Electric vehicles are concentrated in a few states, mainly California. Moreover, only 2% of vehicles in the United States are thought to be electric, while the share can be as high as 50% in countries like Norway. For this reason, many say legislative and economic reform that boosts the electric vehicle industry at a domestic level is necessary for the survival of our planet; however, powerful entities harshly oppose this transition, which leads to the issue being surrounded by constant debate.

II. Environmental Implications:

Motor vehicles are the single largest contributor to air pollution in the United States, accounting for 75% of carbon monoxide emissions according to the Environmental Protection Agency (EPA). This means transportation, as a whole, causes an estimated 27% of all greenhouse gas emissions in the United States, making it one of the fundamental causes of climate change. Greenhouse gases trap heat in the atmosphere, which causes worldwide temperatures to rise. Without greenhouse gases, the Earth would be inhabitable and covered in ice, but burning excessive amounts of fossil fuels threatens the balanced conditions necessary for life. These occurrences have caused an increase of 0.6 degrees Celsius, or 1 degree Fahrenheit, in global temperatures since pre-industrial times. Seemingly, these numbers will continue to rise over the upcoming decades.

These numbers may seem minuscule, but they have many adverse effects on global populations. In the United States, some of the effects that would be felt most would be an increase in droughts, heat waves, and the intensity and frequency of hurricanes. NASA predicts that, if no drastic measures are taken, sea level will rise 1 to 4 feet by 2100 due to melting ice in the poles. Small changes in temperature correspond to enormous changes in the environment, so the reduction of greenhouse gas emissions is an issue of utmost importance.

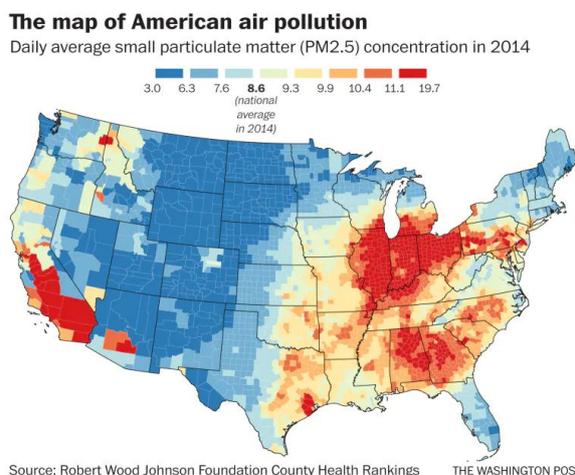
However, air pollution poses threats beyond climate change. Smog and pollutants in the air can be immensely harmful to people's health. According to recent research published in The Lancet Planetary Health, exhaust from cars are responsible for up to 4 million new cases of pediatric asthma each year. Another recent study by the Union of Concerned Scientists shows that African Americans and Latinos are exposed to roughly 40 percent more air pollution from vehicles. Additionally, engine noise and oil spills also cause a large amount of pollution. Scientists have proven that noise pollution causes chronic stress that damages physical and mental



leading to unhealthy lifetimes and early death, and spill oil can harm the environment in several ways, including destruction of wildlife and their habitats.

III. Legislative and Regulatory Context:

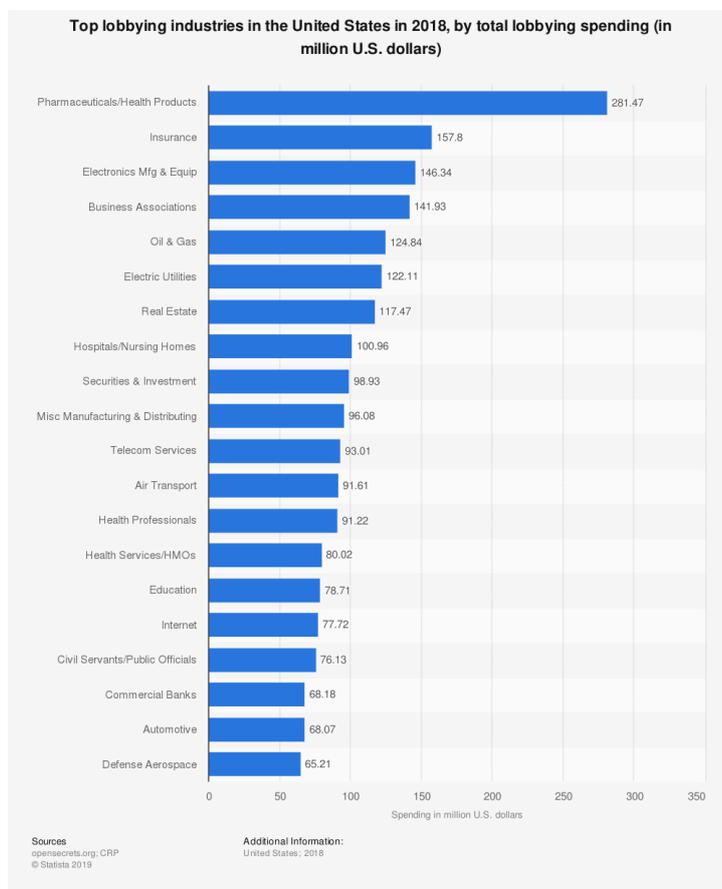
Environmental policy is currently in the forefront of American politics. Perhaps the most liberal vision is that of the Green New Deal, a collection of bills that would overhaul the way America moves through a "complete phase-out of fossil fuels, fracked [natural] gas and nuclear power." The plan promises 100% clean energy by 2030, but only around 2% of cars in the nation are electric vehicles. This proposal also calls for the replacement of dispensable means of individual transport with high-quality and modern mass transit where possible, but it's impossible to abolish personal vehicles nationwide; for this reason, the cars that are still necessary must be electric. Cities' public transport systems would be optimized, while more rural areas would see a replacement of petroleum-using vehicles to electric automobiles. Conservative critics argue that the government controlling what kind of car you drive and what type of energy you buy is overstepping their boundaries, but liberal supporters say the shift is necessary for the planet's survival.



One of the biggest influences in modern policy is lobbying, often defined as “any attempt by individuals or private interest groups to influence the decisions of government.” Originally, lobbying was meant for citizens to be able to speak to their officials and make their voices heard; however, modern lobbying almost always entails paid representatives fighting for the interests of a particular industry, regardless of whether or not it's in the nation's best interest. The Oil and Gas Industry is one of the largest-spenders when it comes to influencing and lobbying, with estimates of annual spending in 2019 as high as \$124 million according to the Center for Responsive Politics. The same organization places the automotive industry's expenses in lobbying at nearly \$69 million. The Oil and Gas sector tends to fund Republican campaigns, funding challenges to liberal incumbents most aggressively. The Automotive industry also focuses its donations on Republicans who will work for their benefit. In the financial crisis of 2008, the federal government came in rescue of automakers like GM and Chrysler with billions of dollars in bailout money, so companies know the importance of having representatives who will favor them.

As of right now though, incentives exist to those who purchase electric vehicles. One of the most notable is the IRS’s Plug-in Electric Drive Vehicle Credit. This offers consumers who purchase an electric car 10% of the purchase price as credit, up to a maximum of \$2,500. The US Department of Energy (DOE) is also actively investing in the evolving industry. In 2018, the DOE dedicated 80 million dollars for the development of advanced electric vehicle technologies and 19 million dollars to the funding of research on faster charging. States like California, New York, and Maryland have also promoted the shift to electric vehicles through infrastructure and incentives.

On April 9, 2019, the Driving America Forward Act was introduced as a bill in the United States Senate. The incentives available right now (\$7,500 tax credit) only apply to the first 200,000 electric vehicles manufactured by each automaker. The Driving America Forward Act would allow an additional 400,000 electric vehicles to come with a tax credit of \$7,000 instead of \$7,500. The government is expected to lose nearly \$12 billion in tax revenues if this bill passes.



Because of this, the current administration, petroleum companies, and many conservative politicians have vehemently opposed it. Despite this, the bill is a bipartisan piece of legislation proposed by both Democrats and Republicans.

IV. Economic Implications:

Undeniably, electric automobiles are cheaper to run, maintain and generally better for the environment. So, why haven't these vehicles become the next industry standard? The main reason why is because if electric vehicles become the future of the automobile manufacturing industry, it could threaten and possibly end many traditional jobs and corporations. The problem for workers is pretty clear: the electric motors that will power those new vehicles have far fewer moving parts than traditional internal combustion engines and transmissions that go with them. According to CNN, the United States Labor Department estimates that there were about 150,000 Americans working in building engines, transmissions and axles alone at factories in the United States throughout 2018. That compares to 235,000 jobs at auto assembly plants, where those

engines and transmissions and other parts — from body panels and gas tanks to seats and steering wheels — are brought together to build a car or truck. All together, it is estimated that over 1.5 million people are employed thanks to the automotive industry in the United States.

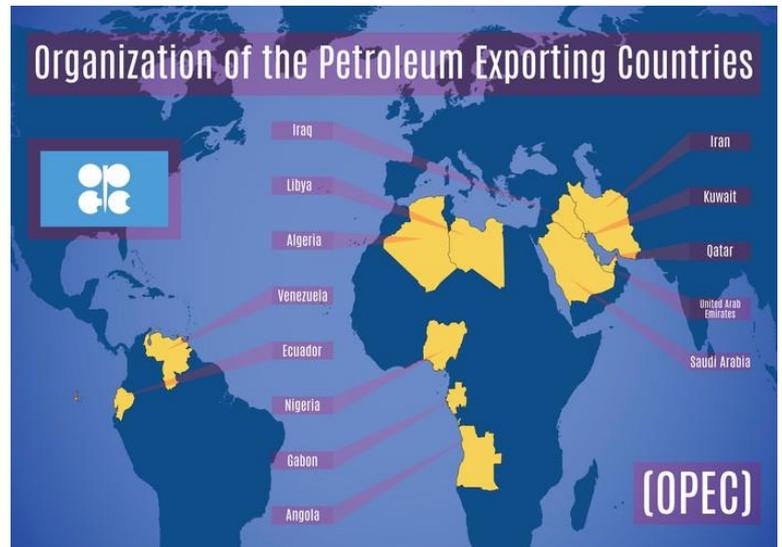
In addition to threatening vehicle related professions, electric cars have also very distinctly jeopardized the oil industry. This industry sees that the electric transportation future is coming fast, threatening their polluting profits. Because of this, oil-backed groups have challenged electric companies' plans in 10 states, waging regulatory and lobbying campaigns against the proposals. These showdowns are taking place as utilities, eager to increase the demand for power, push for approval to build charging networks in locations such as shopping centers and rest stops in more than half the nation.

One of the bodies that has been threatened by the electric automobile industry is OPEC. The Organization of the Petroleum Exporting Countries, also known as OPEC, is a permanent, intergovernmental organization. OPEC's objective is to coordinate and unify petroleum policies among Member Countries, in order to secure fair and stable prices for petroleum producers, an efficient, economic and regular supply of petroleum to consuming nations, and a fair return on capital to those investing in the industry. Though the United States has never been a part of OPEC and previous US administrations have taken an interest in the organization and the oil prices, Trump's consumer-oriented approach to the oil market has made always-difficult OPEC negotiations that much more challenging. The United States controlled oil prices for a majority of the previous century, only to cede it to the OPEC countries in the 1970s. Recent events, however, have helped to shift some of the pricing power back towards the United States and western oil companies. Although OPEC produces more oil than the U.S. on a daily basis, the United States is the top producing nation. As oil prices rise, U.S. oil companies pump out more oil to capture higher profits. The result limits OPEC's ability to influence the price of oil. Historically, OPEC's production cuts had devastating effects on global economies. Although still influential, OPEC's influence on prices has diminished with the U.S. now a top oil producer. In summary, The United states and OPEC's relationship is a complex competition of who can manufacture, and sell, the most petroleum. However, the usually competing oil producers are collectively threatened by the growth in electric vehicle proliferation.

V. Guide Questions:

1. Does your delegation believe in promoting the use of electric vehicles, or continuing the use of petroleum as the primary fuel source of cars?
2. Has your delegation been affected by the surging electric vehicle market?
3. Has your delegation done anything to prevent electric vehicles from becoming the next industry standard?

4. What plans can your delegation propose to ensure a compromise between the electric automobile industry and the oil industry?
5. How would your delegation be affected by proposals like the Green New Deal and the Driving America Forward Act?



VI. Message from the Dais

Delegates, environmental policy is at the forefront of American politics at the moment. The automotive and fossil fuel industries are among the most important in the world economy; however, both are at a point where innovation and transformation is imperative. We would love to see delegates develop creative solutions to the matter at hand, keeping in mind the plausibility of proposals. Additionally, we want to emphasize that the underlined terms are concepts that we think delegates should thoroughly research and understand, as we believe they are going to be important throughout the committee.

Position papers must be sent before 11:59pm on Thursday February 27, 2020. These should be written in Times New Roman font, size 12, at 1.5 spacing. The document must be a minimum of 2 pages and a maximum of 3 pages (not including an extra bibliography page). We would highly prefer the format of the documents to be PDF, but we will also be accepting Microsoft Word files and Google Docs.

The committee will be set in present-day, so make sure to keep up with current news regarding the issue. We are very excited to see what you guys bring to the committee, and see how the industry and political delegations will come together and debate. We urge you to research beyond this document, as the topic is extremely broad, and to be specific in your position papers, not only answering the guide questions but presenting a cohesive and comprehensive stance. Please email your position papers to both of us as soon as they are ready, and feel free to reach out to any of us if you have any questions or concerns.

Sincerely,

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