

Making EVs Work for American Workers

The auto industry has long been central to American manufacturing and innovation and the UAW has always fought to ensure industry changes result in quality union jobs for American workers. The industry is now investing billions in the growth of electric vehicles, which could result in major changes in where and how vehicles are produced.

What will these changes mean for workers? The growth of EVs must be an opportunity to re-invest in American manufacturing, with union workers making the vehicles of the future. But, to make sure this disruption does not leave American autoworkers behind, government subsidies and tax breaks for the transition to new technology must be paired with a commitment to locate these jobs in the United States at comparable wages and benefits to the jobs they replace. And we must ensure our laws level the playing field and give workers a voice on the job, which is why we are calling on Congress strengthen our labor laws and pass the PRO Act. Protecting jobs and wages during this transition will only happen if workers have a seat at the table. Which is why the UAW is using the power of a union – through collective bargaining, organizing, and political advocacy – to demand high-quality manufacturing jobs as the industry changes.

STATE OF THE INDUSTRY

The transition to EVs is not going to happen overnight. EV sales have grown steadily over the past decade, but they still represent a fraction of vehicle sales. EVs and PHEVs combined represent just 2% of U.S. auto sales.¹ And EVs face several hurdles to mass-adoption. EVs are more expensive to produce, making them less profitable and dependent on consumer incentives. In most parts of the country, EV charging infrastructure is woefully inadequate and the electrical grid is unprepared. And consumers shopping for an EV face barriers in battery range and charging speed, as well as a limited selection of models and segments.

Though there are few EVs on the road now, the industry is preparing for EVs to be a much larger part of the market going forward, both in the U.S. and abroad. Major automakers around the world, including the Detroit 3, have each announced several billion in EV investments and ambitious new product plans and target dates. As automakers improve technology, decrease battery costs, and produce at scale, EVs will become more competitive with ICEs. And in the coming years, automakers plan to launch EVs in the segments that are most popular with American consumers: CUVs, SUVs, and pickups.

Projections by industry experts vary widely. These are estimates and should always be taken with a grain of salt. But in general, there is agreement that EVs will grow into a larger portion of the market, but that it will be several decades before the industry shifts fully to EVs. Automakers are using a variety of strategies to make vehicles more efficient, whether through EVs, plug-in hybrids, conventional hybrids, or improvements to traditional powertrains. There is not a one-size-fits-all solution or timeline and policies

¹ Wards Intelligence, “U.S. Light Vehicle Sales, December 2020 - Updated”. <https://wardsintelligence.informa.com/WI965360/US-Light-Vehicle-Sales-December-2020--UPDATED>

must provide sufficient flexibility and avoid unrealistic mandates. In the meantime, this transition is an opportunity to position the American auto industry and its workers to lead on advanced technologies.

SECURING THE FUTURE FOR AUTO WORKERS

Major industry changes bring uncertainty, and it is crucial we get these changes right. As the industry invests billions to launch new EVs and reshape its manufacturing footprint, it raises important questions for American auto manufacturing jobs. Will EVs and key components be made in the U.S. or will it result in a new wave of outsourcing? Will new EV jobs meet industry standards or will companies use new technologies as an excuse to erode industry job quality? And will the industry commit to reinvesting in the plants and workers that make ICE-specific components? We know that if EVs are going to work for American workers, there must be a strong worker voice in the process.

Thus far there have been some disturbing patterns, particularly around the most valuable parts of the supply chain. The shift to EVs means replacing key powertrain components, such as engines and transmissions, with mechanically simpler lithium-ion batteries and electric motors. Whereas traditional powertrains have often been made by automakers themselves and created quality union jobs, EV batteries are mostly made by suppliers in other countries, with China in the lead. And where automakers are entering battery production, they are doing so through joint ventures with battery companies that have an unknown track record on providing quality jobs. Whether it is new technologies or new business models, the EV transition should not result in increased outsourcing or erosion of job quality in the industry. It is vital that we create a strong domestic supply chain that creates quality auto jobs.

In addition to creating quality jobs making EVs and components, any potential job loss in the EV transition can be made up through bringing back vehicle and parts production to the United States and easing impediments to workers at non-union automakers to organize. As the nation invests in a transition to new technology, we must seize upon these opportunities to preserve and increase quality jobs in the industry. We cannot let the companies alone decide how to move forward.

Securing the future for American autoworkers is based on a few basic ideas of fairness. If you sell it here, you should build it here. If the public subsidizes an industry, the industry must be required to provide quality jobs in return. And if workers are going to get a fair shake, they need to have a seat at the table. That is why the UAW is engaging with employers and policymakers to give workers a voice in the industry's future and demand quality jobs for American workers. This component of the EV transition must become more of a national focus. It is also why we need to strengthen our labor laws by having Congress pass the PRO Act. The PRO Act would crack down on union busters and help ensure more workers have a voice on the job.

When most people think of union negotiations, they think of wages and benefits. But union negotiations also win job and investment commitments that provide workers security in a changing industry. The UAW continuously engages automakers and suppliers regarding investment decisions. In the most recent round of auto bargaining, UAW leadership and bargaining committees secured over \$20B in investments and 25,000 new or retained jobs,² including billions for EV and PHEV investments. These wins not only benefit

² GM 2019 White Book, p.245-246, (\$7.7 billion & 9,000+ jobs): https://drive.google.com/file/d/1_EJ9ebG2ge7bcAwvfGsj1uTEv9UmcdnF/view; Ford Highlights, p.1 (\$6+ billion and 8,500 jobs): https://uaw.org/wp-content/uploads/2019/11/NUMBERS-CORRECTED_FRI-11-1_11140-AM_Hourly-

UAW members, they also help the local economies where plants are located and promote investments that strengthen the domestic auto industry.

The shift to more EVs will be a costly endeavor for the industry. Even with billions in planned investments, auto companies are relying on public subsidies and other policies to promote sales, transform production capacity, and speed up profitability for EVs. Strategic government support is an important tool in strengthening American innovation and manufacturing capacity. But if the public is going to foot the bill, the public should get economic benefits in return, in the form of domestic investments and quality jobs.

To make EVs work for American workers, we need policies that promote domestic manufacturing and quality union jobs:

- ✓ Technologies developed in the U.S. must be manufactured in the U.S.
- ✓ Consumer incentives need to promote domestically manufactured vehicles made by union workers.
- ✓ Manufacturing incentives and subsidies must require companies to live up to their promises and return taxpayer dollars if they do not provide quality jobs and freedom of association.
- ✓ Pro-worker trade and tax policies should stop the race-to-the-bottom and promote the production of advanced technologies here in the U.S.
- ✓ Labor laws must provide a level playing field and give workers a voice on the job, which is why we are calling on Congress to pass the PRO Act.
- ✓ Public procurement at the local, state, and federal level should include strong standards to promote domestic manufacturing and union jobs.
- ✓ Vehicle efficiency improvements cannot be a one-size-fits-all solution. Policies should provide sufficient flexibility and avoid unrealistic mandates.
- ✓ National industrial policy is needed to ensure the jobs of the future are in the United States.

Every day the UAW is fighting to make sure workers have a seat at the table in this time of change in the auto industry. Through these strategies, we are fighting to secure a fair future for American autoworkers.

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