

MEMORANDUM OF UNDERSTANDING

**BETWEEN THE MINISTER OF THE ENVIRONMENT (“Minister”),
representing Her Majesty the Queen in Right of Canada**

AND THE CANADIAN VEHICLE MANUFACTURERS’ ASSOCIATION

**AND THE ASSOCIATION OF INTERNATIONAL AUTOMOBILE
MANUFACTURERS OF CANADA**

LIGHT-DUTY VEHICLE AND LIGHT-DUTY TRUCK

VEHICLE EMISSIONS

2001, 2002, AND 2003 MODEL YEARS

The purpose of this voluntary Memorandum of Understanding between the Minister of the Environment, motor vehicle manufacturers, the Canadian Vehicle Manufacturers’ Association, and the Association of International Automobile Manufacturers of Canada is to set out the general terms and conditions applicable to light-duty vehicle (passenger car) and light-duty truck emissions for the 2001, 2002, and 2003 model years.

Motor vehicle manufacturers have taken significant steps over the past three decades to reduce emissions from motor vehicles. In recognition of the rationalized nature of the auto industry across North America, the federal government’s regulatory programs and the need of Canadians for cleaner vehicles on a cost-effective basis, the auto industry in Canada has established a practice of introducing advanced emission control and monitoring technology in harmony with the United States. In light of the considerable progress made through this harmonized technology approach, it is clear that continuing this approach will result in further benefits. Low Emission Vehicle Technology, addressed under this Memorandum of Understanding, will further reduce smog-causing vehicle emissions. Low-emission vehicles have the potential to reduce exhaust emissions of hydrocarbons and oxides of nitrogen by about 99% and 95%, respectively, relative to uncontrolled levels.

This non-regulatory program, while considered acceptable to all parties concerned, shall not be construed as affecting the operation of any existing federal regulatory requirements and does not preclude the Governor in Council from amending or introducing new regulations under the *Canadian Environmental Protection Act, 1999*. The federal Government’s regulatory process will provide the opportunity for input, comment, lead-time, and fair notice.

PRINCIPLES/CONTEXT

In view of the above, the parties recognize:

- The integrated nature of the North American Motor Vehicle Industry and the intent of the Minister to continue the harmonization of Canadian and United States Federal motor vehicle exhaust and evaporative emissions control technology or programs.
- Canada's national emission regulations applicable to light-duty vehicles and light-duty trucks were aligned with those of the U.S. Environmental Protection Agency (EPA) in the 1988 model year and subsequently updated for the 1998 model year under the authority of the *Motor Vehicle Safety Act*. The emission requirements of these regulations have been transferred to the *Canadian Environmental Protection Act, 1999*, and continue in force under this Act.
- The U.S. EPA and the U.S. automotive industry have agreed to implement a vehicle emission initiative known as the Voluntary National Low Emission Vehicle (NLEV) program to introduce, on a national basis beginning in the 2001 model year, a cleaner generation of light-duty vehicles and light-duty trucks.
- Vehicle in-use emissions performance, and the proper operation of both emissions control equipment and the on-board diagnostic (OBD) system, is dependent upon the composition of the fuel used. The availability of appropriate fuels is a critical factor in enabling the introduction of, and the designed performance of, advanced emission control technology.
- The motor vehicle manufacturers intend to continue their voluntary practice of implementing emission recalls on vehicles sold in Canada, where a U.S. emission recall is initiated on the equivalent model, and where the reasons for that recall are valid in Canada.

† *The World-Wide Fuel Charter details fuel quality recommended by the Auto Industry for markets with stringent and advanced requirements for emissions control.*

AGREEMENT

For the 2001, 2002 and 2003 model years the parties hereby agree that:

1. New light-duty vehicles and light-duty trucks sold or offered for sale in Canada by the motor vehicle manufacturers will be equipped with the same emissions control, and monitoring equipment, as the equivalent U.S. Federal models and designed to meet applicable U.S. Federal emission standards.
2. The motor vehicle manufacturers will continue their voluntary practice of warranting all exhaust and evaporative emissions components on light-duty vehicles and light-duty trucks referenced in paragraph 1 and sold in Canada for which similar warranties are offered in the U.S., except to the extent that emission control and monitoring components may be affected by Canadian fuel composition or other relevant Canadian conditions.

3. Environment Canada is developing programs for vehicles and fuels in an integrated and coordinated manner consistent with the authority granted in the *Canadian Environmental Protection Act, 1999* proclaimed on March 31, 2000.
4. Motor vehicle manufacturers will supply upon reasonable request by and to the Minister, or his duly authorized representative, in a timely fashion, relevant data regarding vehicle emission certification and emission recall activities relating to and representing all light-duty vehicles and light-duty trucks sold or offered for sale for the respective model years.

The parties may terminate this MOU no sooner than 90 days following the date of receipt of a written notice to the other. The Minister or his duly authorized representative will notify all other signatories to the MOU in the event that this MOU has been terminated.

Minister of the Environment

Date

Representative of CVMA
(CEO)

Date

Representative of AIAMC
(CEO)

Date