



CAR WARS

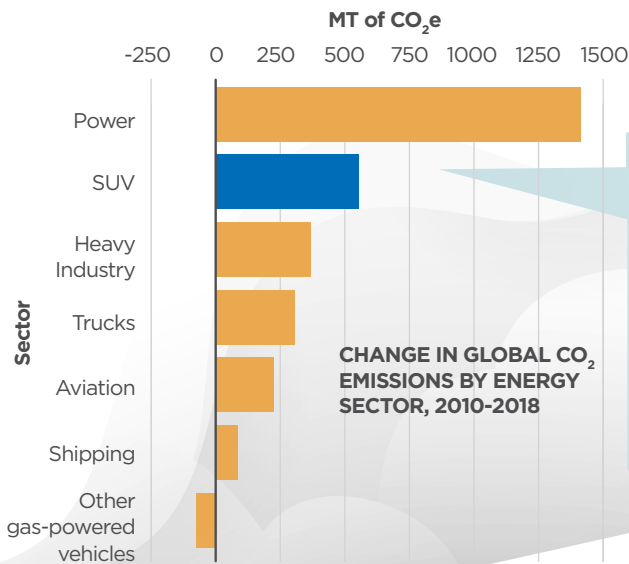
EVs vs. SUVs and the Battle for a Cleaner Future

HOW EV PROMISES ARE HIDING TODAY'S SUV CASH-GRAB



Car Companies Promise an EV Future BUT THEIR PRIORITY IS SELLING POLLUTING SUVs

RECENT CARMAKER PLEDGES OF A GREEN, EMISSIONS-FREE FUTURE FILLED WITH ELECTRIC VEHICLES (EVs) have created a smokescreen, hiding a near-term push by the same car companies to sell millions of carbon-polluting sport-utility vehicles (SUVs) and light trucks. Emissions from these soaring numbers of SUVs are affecting our climate now and risk jeopardizing national and international targets to curb climate change.



both say they want to become “carbon neutral” by 2035 and 2050, respectively. **Soaring sales of SUVs**, which use about a quarter more energy than medium-sized cars,¹ from these and other carmakers have helped

triple SUV carbon emissions over the past 10 years.

3x

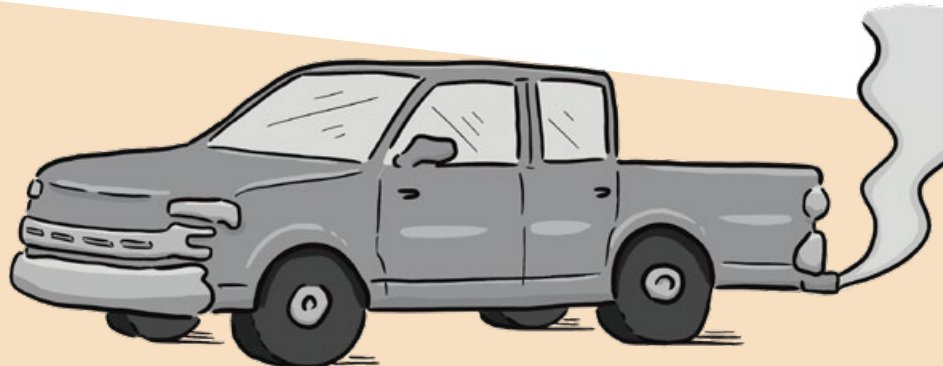
IN 2020, DURING THE PANDEMIC, **CO₂ emissions from all sources dropped 6.8% — while SUV emissions increased 0.5%**

The global Covid-19 pandemic hammered economies and slowed fossil fuel use everywhere, **only SUVs created more greenhouse gases than the year before.**²

Large passenger vehicles are now the second leading cause of rising CO₂ emissions worldwide after power generation.

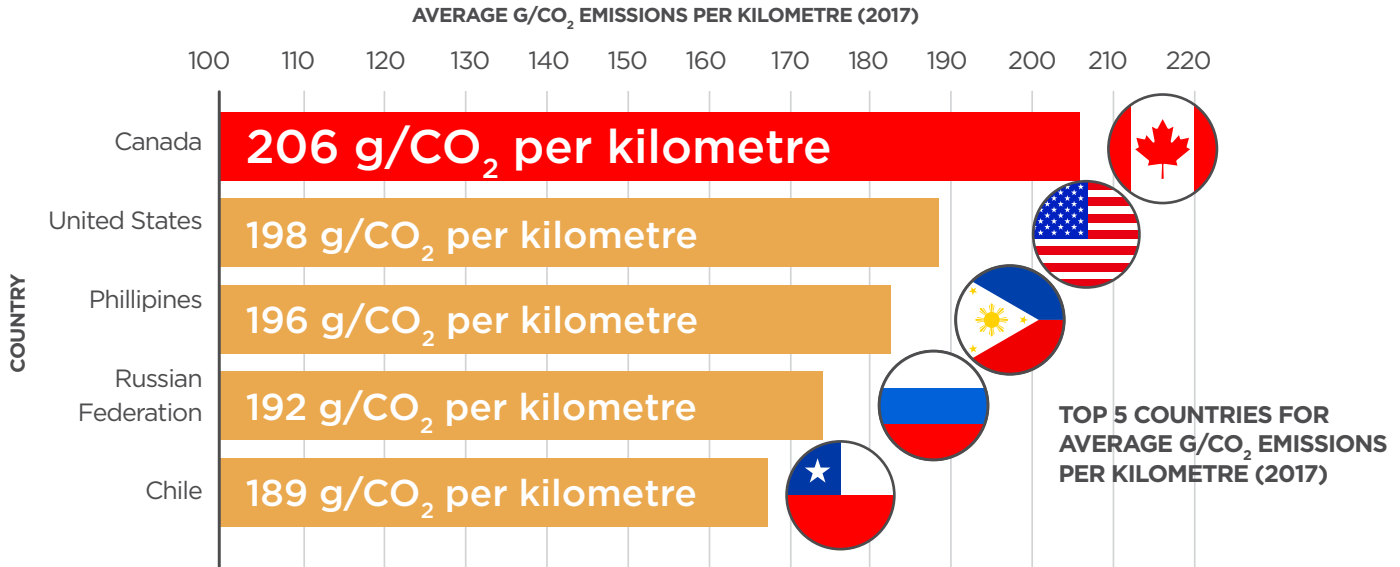
“Trucks are representing more of the industry this year than they ever have. ...Our company needed more truck capacity, and we could see that writing on the wall a year ago. Seeing the opportunity, we took it and ran with it.”

—GM Canada President Scott Bell in November 2020, explaining why GM will reopen its Oshawa plant to make more gas burning Chevrolet Silverados and Sierras.³



Canada Has the Most Polluting Vehicles IN THE WORLD...

In Canada, nearly four out of every five new vehicles sold in this country is an SUV, pickup or van, according to industry analysts.⁴ Canada has the most polluting vehicles in world. And the increase of SUVs and light trucks on Canadian roads is increasing that pollution.



FOR EXAMPLE

the growing sales of SUVs in this country has released

about 18 million more tonnes of carbon emission during the last decade than standard passenger cars would have.⁵

That's more than the total emissions from every sector in Nova Scotia each year.⁶

If SUV sales keep their current pace, the International Energy Agency (IEA) warns that greenhouse gas emissions from SUV tailpipes will cancel climate gains equal to emissions-savings from 150 million electric cars by 2040.

Source: International Energy Agency⁷



SUVs are Profitable & CAR COMPANIES ARE CONVINCING CANADIANS TO BUY THEM

A slowdown of SUV sales isn't likely anytime soon: production plans for North America's two biggest car companies,



&



suggest they're readying to build more than **5 million SUVs and pickups in North America** in 2026, but only about 320,000 EVs.

For automakers, the allure of SUVs is clear: the costs of making SUVs are only marginally greater than those of making typical passenger cars - some share the same platform - but the bigger vehicles command far higher prices.⁸

The average price of an SUV is about \$10,000 more than for an equivalent sedan or hatchback in Canada.⁹

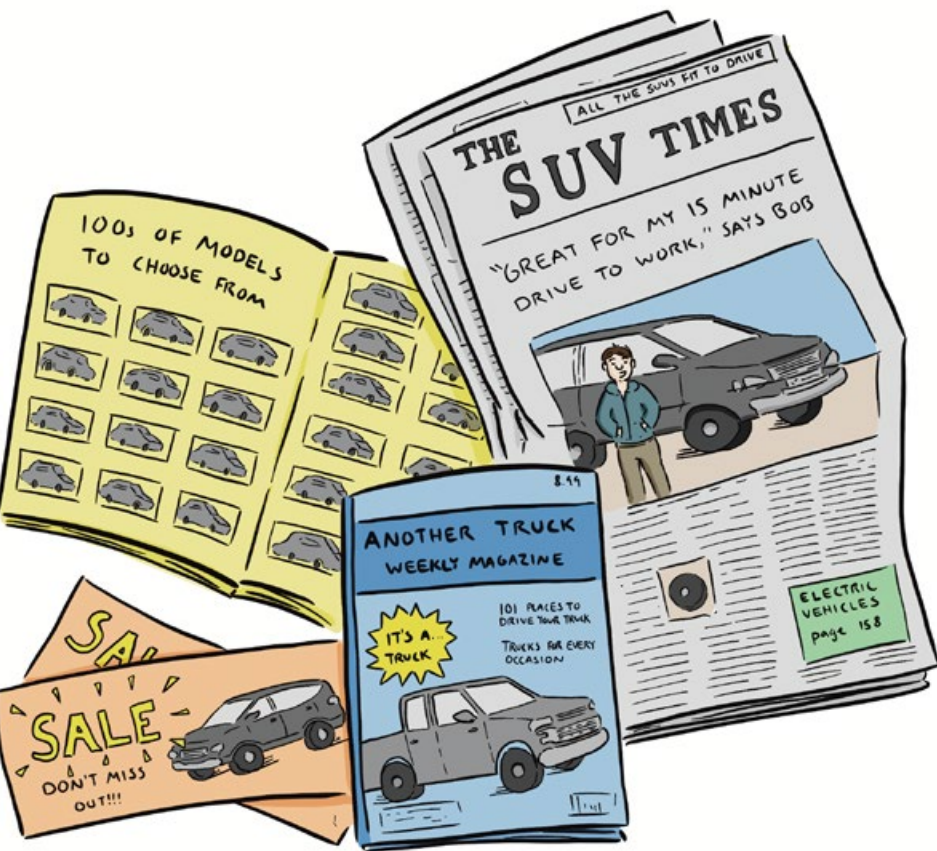
The margin is vital. In 2017, for example, the price difference helped push 2017 car industry revenues up 2.9 per cent above the previous year, even though overall sales were down 2.1 per cent.¹⁰

SUVs make companies and carmaker executives rich. To keep the payout coming, automakers in Canada pour millions of ad dollars into convincing car buyers to drive the larger, less-fuel-efficient vehicles.

A shift in consumer preferences away from larger, more profitable vehicles (including trucks and utilities) ... could result in an immediate and substantial adverse effect on our financial condition or results of operations.

—Ford 2019 Annual Report¹¹





Fully aware of the climate impacts of more of these fuel-hungry vehicles, car companies are making a dangerous Faustian bargain that is jeopardizing global efforts to keep world temperatures from rising above 1.5 degrees Celsius.

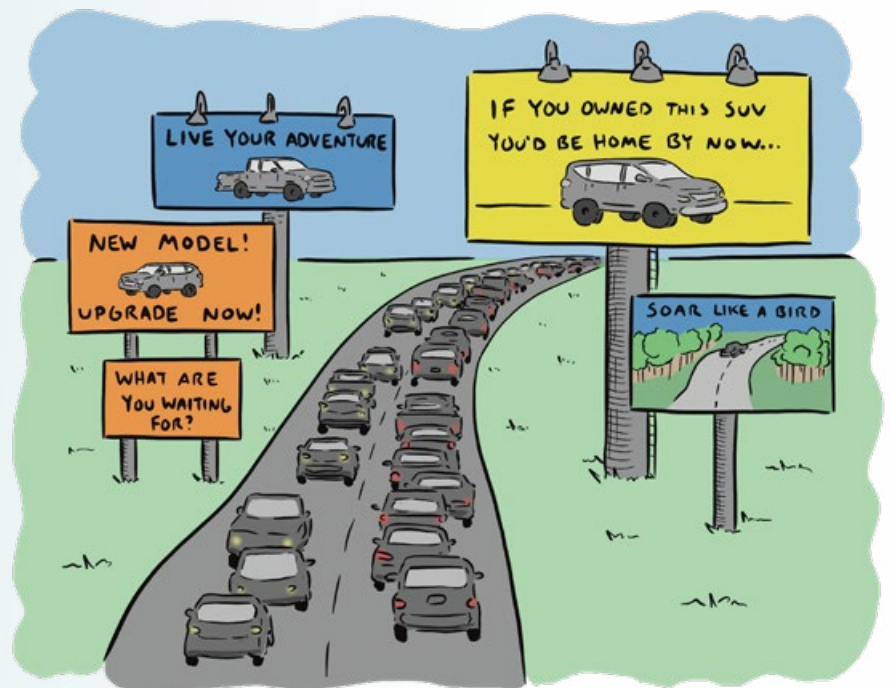
Almost four out of every five ads sampled from Canadian newspapers and magazines in 2019 and 2020 by the environmental group Équiterre, were aimed at selling SUVs and other light-duty trucks.¹²

More than half (58 per cent) were promoting SUVs.

An analysis of U.S. ad spending by



found that 28 times more money was spent to advertise top gasoline vehicles many of them fuel-thirsty SUVs – than ad spending on EVs.¹³



EVs are Hard to Find in Canada

Meanwhile, EVs – which include both battery electric and plug-in hybrid vehicles – are more talked about than sold in North America. The zero-carbon vehicles make up just 3.5 per cent of all new car sales in Canada, and only 1.6 per cent of new SUVs, light trucks and vans, and carmaker actions suggest they're little interested in selling more anytime soon.

Most dealerships across Canada don't carry them, and car companies spend far less on EV ads than on ads marketing gasoline-powered models.

**IN FEBRUARY 2020,
FOR EXAMPLE,**

2/3

of all carmaker dealerships across this country didn't have a single electric vehicle available, according a Transport Canada report prepared by Dunskey Energy Consulting.¹⁴



Car Companies are Working to Stop Climate Action

Despite many recent avowals to want to fight climate change, many automakers have spent years battling against regulations seeking to lower vehicle emissions.

In 2019, research commissioned by The Guardian found that car companies – while publicly claiming to support the fight against climate change and the push for more EVs – nevertheless spent millions of dollars over four years through industry associations to lobby against climate-fighting efforts.¹⁵

A study by InfluenceMap, an independent research group, tracked company lobbying activities worldwide and found that, since 2015, Fiat Chrysler, Ford, Daimler, BMW, Toyota and General Motors have been top opponents of regulations to reach the 1.5 degrees Celcius warming limit set by the Paris climate agreement.

Automakers have actively worked to fight EV policy in Canada too.

You Can't Count on Car Companies

The Canadian government needs to take action to ensure an EV future

Despite the promises of an all-electric future, car companies cannot be counted on to take us there any time soon. If Canada wants more EVs on the roads, the government will need to take action.

Government action has proven to be effective. In Europe, for example, stringent emissions standards requiring automakers to cut emissions from their vehicles are credited with a tripling of EV sales in 2020 compared to 2019.¹⁶ In 2021, 15 per cent of all new cars across European Union nations are expected to be electric. Subsidies and tax exemptions encourage buyers to get beyond the higher EV prices and behind the EV wheel.

And it's no coincidence that the majority of EVs are sold in Quebec and B.C. — the two Canadian provinces that have a zero-emissions vehicle (ZEV) supporting policy.

Canadians support government actions to get more EVs on the roads. A poll from February of 2020 by Clean Energy Canada and Abacus Data that shows 84 per cent of Canadians support the introduction of a ZEV standard that would require car companies to sell an increasing percentage of electric vehicles.¹⁷ But Canada has so far failed to introduce such a standard, thanks to the resistance from Canadian carmakers. Despite evidence to the contrary, the Canadian Vehicle Manufacturers' Association asserts that a ZEV mandate would be unlikely to increase EV sales in Canada.¹⁸

Canada should also consider increasing and expanding its national EV purchase incentives program. While EVs are typically more affordable over time thanks to gasoline savings, the price of purchasing one is generally higher than buying a gas-powered vehicle. For many, the up-front cost is a barrier. Government-funded purchase incentives have been shown to lead to higher EV sales, which in turn can help offset government spending for other social benefits. In 2020, for example, Environmental Defence models showed **that the benefits for each EV on the road in the Greater Toronto Area (assuming 100 per cent of cars and SUVs are electric) would be close to \$10,000 in offset government spending on health, social programs and climate change.¹⁹**



Recommendations

Canada should end the automaker SUV gold rush immediately, while promoting EVs instead. To slow sales of pollution-intensive SUVs, Ottawa needs to:

Introduce new federal taxes applied to the sale of new SUVs or pickups,

to reliably discourage consumer purchases of these larger vehicles while generating money to pay for incentives for EV buyers. A so-called “feebate” program, similar to programs in Denmark, France, the Netherlands and the United Kingdom, could offer rebates to EV consumers that are financed directly by a “transportation electrification fee” charged for the purchase of vehicles with high emissions.

Strengthen vehicle emission standards for criteria pollutants and greenhouse gases

in line with the most stringent standards in North America, requiring ever-better fuel efficiency and fewer tailpipe emissions for each model year sold by automakers in Canada. These standards should align with expectations of a zero-emission vehicle fleet size predicted by new national zero-emission vehicle (ZEV) target dates (see below). Regulators should work with their U.S. counterparts to co-develop more aggressive emissions standards for 2026 to 2030 to match those set for the European Union.

MEANWHILE...

to encourage Canadian car buyers to get into zero-emissions vehicles rather than gasoline-powered SUVs, the federal government should:



Institute a strict national zero-emission vehicle (ZEV) standard

that requires automakers to sell a minimum percentage of EVs as a portion of total new vehicle sales each year, beginning with the 2022 model year, reaching 100 per cent of vehicle sales by 2035 at the latest.

Improve financial incentives for buyers – including consumer cash rebates and/or tax breaks (e.g. sales tax relief, income tax credits, etc.) – to increase affordability for new and used EVs and other zero-emission vehicles, especially for lower- and middle-income Canadians.

References

- ¹ Cozzi, L., & Petropoulos, A. (Oct. 15, 2019). "Growing preference for SUVs challenges emissions reductions in passenger car market" IEA Blog. <https://www.iea.org/commentaries/growing-preference-for-suvs-challenges-emissions-reductions-in-passenger-car-market>
- ² Cozzi, L., & Petropoulos, A. (Jan. 15, 2021). "Carbon emissions fell across all sectors in 2020 except for one – SUVs." IEA Blog. <https://www.iea.org/commentaries/carbon-emissions-fell-across-all-sectors-in-2020-except-for-one-suvs>
- ³ Balakrishnan, A. (Nov. 19, 2020). "GM says demand for trucks helped turn the tide for Oshawa plant." Bloomberg. <https://www.bnnbloomberg.ca/gm-says-demand-for-trucks-helped-turn-the-tide-for-oshawa-plant-1.1525022>
- ⁴ DesRosiers Automotive Consultants. (Apr. 12, 2021). Autowatch, April 12, 2021. Desrosiers. <https://static1.squarespace.com/static/5975f1092994ca0d03cfeda0/t/607444d53cc89b76bfa4438a/1618232533890/AutoWatch.pdf>; Voelk, T. (May 21, 2020). "Rise of S.U.V.s: Leaving Cars in Their Dust, With No Signs of Slowing." The New York Times. <https://www.nytimes.com/2020/05/21/business/suv-sales-best-sellers.html>
- ⁵ Blake Shaffer cited in Olszynski, M. (Nov. 2, 2020). "Initiatives to Encourage Zero Emission Vehicles Adoption." A brief submitted to the Standing Committee on Environment and Sustainable Development. <https://www.ourcommons.ca/Content/Committee/432/ENVI/Brief/BR10949745/br-external/OlszynskiMartin-e.pdf>
- ⁶ Environment and Climate Change 2021 <https://www.canada.ca/en/environment-climate-change/services/climate-change/greenhouse-gas-emissions/sources-sinks-executive-summary-2021.html>
- ⁷ Cozzi and Petropoulos, 2021.
- ⁸ Snyder, J. (July 24, 2017). "Crossovers and SUVs fatten profit margins." Automotive News. <https://www.autonews.com/article/20170724/RETAIL01/170729911/crossovers-and-suvs-fatten-profit-margins>
- ⁹ Bubbers, M. (Nov. 8, 2019). The SUV 'markup': How much more are you paying for an SUV? The Globe and Mail. <https://www.theglobeandmail.com/drive/mobility/article-the-suv-markup-how-much-more-are-you-paying-for-an-suv/>
- ¹⁰ Snyder, 2017
- ¹¹ Ford Motor Company. (2020) Annual Report 2019. Ford. https://s23.q4cdn.com/725981074/files/doc_downloads/Ford-2019-Printed-Annual-Report.pdf
- ¹² Ford Motor Company. (2020) Annual Report 2019. Ford. https://s23.q4cdn.com/725981074/files/doc_downloads/Ford-2019-Printed-Annual-Report.pdf
- ¹³ Sierra Club. (Nov. 2019). Rev Up: A Nationwide Study of the Electric Vehicle Shopping Experience. Sierra Club. https://www.sierraclub.org/sites/www.sierraclub.org/files/program/documents/2153%20Rev%20Up%20Report%202019_3_web.pdf
- ¹⁴ Dunsy Energy Consulting. (2020). Plug-In Electric Vehicle Availability: Estimating PEV Sales Inventories in Canada: Q1 2020 Update. Dunsy. https://www.dunsy.com/wp-content/uploads/2020/07/DunsyZEVAvailabilityReport_Availability_20200805.pdf
- ¹⁵ Laville, S. (Oct. 10, 2019). "Exclusive: carmakers among key opponents of climate action." The Guardian. <https://www.theguardian.com/environment/2019/oct/10/exclusive-carmakers-opponents-climate-action-us-europe-emissions#:~:text=Global%20carmakers%20are%20among%20the,initiatives%20to%20cut%20greenhouse%20gases.>
- ¹⁶ Campbell, P. (Oct. 11, 2020). "Electric car sales triple in race to meet Europe CO2 rules." Financial Times. <https://www.ft.com/content/f3f7d99a-34a4-4650-a529-3731bd8bc17c>
- ¹⁷ CEC 2020.
- ¹⁸ Bank, K. (Feb. 4, 2021). "Industry stakeholders are divided on the merits of a national ZEV mandate as federal budget nears." Electric Autonomy. <https://electricautonomy.ca/2020/02/04/industry-divided-on-the-merits-of-a-national-zev-mandate-as-federal-budget-nears/>
- ¹⁹ Environmental Defense (June 2020). CLEARING THE AIR: How Electric Vehicles And Cleaner Trucks Can Reduce Pollution, Improve Health And Save Lives In The Greater Toronto And Hamilton Area. <https://clearingtheair.ca/wp-content/uploads/2020/06/Clearing-The-Air-Stakeholder-Report.pdf>

Acknowledgments

Researched and written by Peter Christie for Environmental Defence
With contributions by Keith Brooks, Allen Braude, Tim Gray and Rachel Kitchin
With input from Andréanne Brazeau from Équiterre
Design by Hello Dear Design & Co. | Illustrations by Jake Tobin Garrett



environmental
defence

ENVIRONMENTAL DEFENCE is a leading Canadian environmental advocacy organization that works with government, industry and individuals to defend clean water, a safe climate and healthy communities.

©Copyright June 2021. Permission is granted to the public to reproduce or disseminate this report, in part, or in whole, free of charge, in any format or medium without requiring specific permission. Any errors or omissions are the responsibility of Environmental Defence.