### Table A-1: Fleetwide NOx and PM Emissions (tons) from Glider Vehicles for Calendar Year 2025

<table>
<thead>
<tr>
<th></th>
<th>Without Controls (US Tons per Year)</th>
<th>With Controls (US Tons per Year)</th>
<th>Reductions (US Tons per Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>295,000</td>
<td>104,769</td>
<td>190,231</td>
</tr>
<tr>
<td>PM$_{2.5}$</td>
<td>7,817</td>
<td>2,753</td>
<td>5,064</td>
</tr>
</tbody>
</table>

### Table A-2: Fleetwide NOx and PM Emissions (tons) from Glider Vehicles for Calendar Year 2040

<table>
<thead>
<tr>
<th></th>
<th>Without Controls (US Tons per Year)</th>
<th>With Controls (US Tons per Year)</th>
<th>Reductions (US Tons per Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>371,091</td>
<td>52,476</td>
<td>318,615</td>
</tr>
<tr>
<td>PM$_{2.5}$</td>
<td>9,955</td>
<td>1,409</td>
<td>8,546</td>
</tr>
</tbody>
</table>
Table A-3: Lifetime NOx and PM Emissions (tons) 
For Model Year 2017 Glider Vehicles and Other New Vehicles

<table>
<thead>
<tr>
<th></th>
<th>NOx Lifetime Tons per 1,000 Vehicles</th>
<th>PM$_{2.5}$ Lifetime Tons per 1,000 Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Year 2017 Glider Vehicles</td>
<td>43,800</td>
<td>710</td>
</tr>
<tr>
<td>Model Year 2017 Fully Compliant Vehicles</td>
<td>2,300</td>
<td>30</td>
</tr>
<tr>
<td>Difference</td>
<td>41,500</td>
<td>680</td>
</tr>
<tr>
<td>Description</td>
<td>Value</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>------------------------</td>
<td></td>
</tr>
<tr>
<td>Increased Lifetime NOx Emissions per 1,000 Glider Vehicles</td>
<td>41,500 Tons</td>
<td></td>
</tr>
<tr>
<td>Increased Lifetime PM$_{2.5}$ Emissions per 1,000 Glider Vehicles</td>
<td>680 Tons</td>
<td></td>
</tr>
<tr>
<td>Premature Mortalities per 1,000 Glider Vehicles</td>
<td>70-160 Persons</td>
<td></td>
</tr>
<tr>
<td>Monetized PM$_{2.5}$-related Benefits Associated with Reducing Glider Production by 1,000 Vehicles</td>
<td>$0.3-1.1 Billion</td>
<td></td>
</tr>
</tbody>
</table>

**Table A-4: Lifetime NOx and PM Emissions Increases (tons)**

*For Model Year 2017 Glider Vehicles and Associated Benefits*
Impact of one year delay that allows 10,000 additional glider vehicles

- 415,000 tons of additional NOx emissions
- 6,800 tons of additional PM emissions
- 700 to 1,600 premature deaths
- $3 to $11 billion in PM-related monetized disbenefits
September 11, 2017

The Honorable Scott Pruitt
Administrator
Environmental Protection Agency
Office of the Administrator 1101A
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator Pruitt:

Volvo Group North America, Cummins Inc., and Navistar Inc. are among the major manufacturers in the heavy-duty vehicle and engine markets. We have long expressed our support for EPA and NHTSA to regulate fuel efficiency from heavy-duty vehicles. We are writing to communicate our concern about EPA’s recent announcement of its intent to revisit provisions of the “Phase 2” greenhouse gas and fuel efficiency regulations finalized last year. Of particular concern are modifications to provisions related to glider kits and glider vehicles.

Glider kits are new chassis that lack a powertrain (engine, transmission, drive axles) and provide an option to owners for replacing damaged vehicles that still have usable powertrains. The reuse of powertrains in glider kits reportedly produces elevated PM and NOx emissions compared against current standards and currently certified OEM products. As such, glider kits should not be used for circumventing purchase of currently certified powertrains. The Phase 2 provisions as finalized maintain the glider kit option for the market while ensuring a level playing field for all manufacturers of trucks and engines.

Re-opening the Phase 2 rule may also lead to non-harmonized regulatory emissions and fuel efficiency requirements across the country, inflicting uncertainty and damage to our industry. The Volvo Group, Navistar and Cummins join with the Truck and Engine Manufacturers Association (EMA), the American Trucking Associations (ATA), the Truck Rental and Leasing Association (TRALA), and others voicing their concerns with re-opening the Phase 2 regulation. Each of our companies is seeking an opportunity to discuss this important issue with you in the very near future.

Sincerely,

Dennis Slagle
Executive Vice President, Volvo Group,
and President, Mack Trucks
Persio Lisboa
Executive Vice President and Chief Operating Officer
Navistar, Inc.

Jennifer Rumsey
Vice President - Chief Technical Officer
Cummins, Inc.
Fitzgerald Gliders confident its kits will meet Phase 2 emissions standards

CCJ Staff | September 8, 2016

Despite changes to how glider kits will be classified for emissions regulations compliance — and new standards coming to bear for glider kit builders — the glider industry will remain viable and intact, says Fitzgerald Glider Kits’ head of marketing Stu McLaughlin.

“We’re confident we’ll be able to test our products and meet the new standards,” McLaughlin says of the looming Phase 2 emissions standards set by the EPA and the DOT. The standards will be phased in over the coming decade, spanning tractor-trailer wide improvements in fuel economy and greenhouse gas emissions.

The final text of the standards, issued in mid-August, depart from current regulations governing glider emissions. Glider kits will now be required to meet the emissions standards of the model year of the truck’s cab and chassis, rather than the year the engine block was cast.

Fitzgerald, the country’s largest glider kit maker, installs in-house remanufactured Detroit Diesel 60 Series engines into new cabs and chassis, effectively meaning its gliders must meet many of the standards set by the Phase 2 rule.

But major glider kit builders like Fitzgerald have the ability to meet the regulations, McLaughlin says, and continue to meet demand for their products. “Our plans for production are still in accordance with what we feel works for us and what sales trends in the past couple of years dictate,” McLaughlin says.
Fitzgerald Gliders confident its kits will meet Phase 2 emissions standards

Smaller glider kit makers — those who assemble and sell only a few hundred gliders a year — will be the ones forced out by the new EPA standards, he says. Kit makers who aren’t able to meet the new EPA standards will be capped at building 300 glider kits per year.

Fitzgerald has already started research work to set its benchmark in order to begin working toward compliance with the new regs, McLaughin says.

Phase 2 puts trucking in familiar yet unchartered water

Fitzgerald has about 12 full-time engineers on staff. They’re working on lightweighting and other advances to help Fitzgerald’s Detroit engines meet EPA standards. New standards for engines begin in 2018 and gradually tighten until 2027, when engines will be required to achieve between 5 and 6 percent greater fuel economy when compared to 2017 benchmarks. “[The rule] clearly states they definitely anticipate kits to be built for years and years,” McLaughin says. “They just want them to be compliant. Gliders represent such a small percentage of truck sales, but within that small market, it would be a crushing blow to say ‘no kits,’” he says.

McLaughin says it’s unclear as to how the new standards will affect the prices of its glider kits, but there likely will be “updates” to the company's current pricing in accordance to meeting the new standards.

Watch Cummins 2018 X12™ Compete Above Its Weight Class in Tractor Pull
The Return of the Glider
SALES HAVE BEEN BOOMING, BUT WILL THE TREND CONTINUE?
April 2013, TruckingInfo.com - Feature
By Tom Berg

Glider kits — new trucks and tractors that get rebuilt or remanufactured powertrain components — make up a small percentage of total new-truck purchases, partly because most truck operators know little about them.

But word is spreading. The number of glider kits sold last year was about 3,900, double that of 2011.

Glider kits have been around for many years as a means to put wrecked trucks back on the road.

Damage too great for economical repairs was sidestepped by removing a still-good powertrain and placing its components, usually including rear axles and suspension, in an otherwise new vehicle. Today, some fleets are choosing them over buying new or used trucks for some economic and operating advantages.

A glider costs at least 25% less than a comparable new truck, is generally exempt from the 12% federal excise tax, and often gets better fuel economy than some modern engines that are saddled with expensive and sometimes troublesome exhaust emissions equipment, according to Lisa van Westing, marketing director at Tennessee-based Fitzgerald Gliders, the largest single assembler of gliders.
Tommy Fitzgerald Sr. started the enterprise as Fitzgerald Truck Parts and got into gliders more than 20 years ago. Last year, Fitzgerald produced 1,200 gliders and it expects to do 1,500 to 2,000 this year.

Glider kits also are built by various dealers and distributors, and some by user fleets.

"Truckers out there say the emissions systems on the new trucks still have bugs in them, and fuel economy is bad," van Westing says. "They want trucks that have fewer problems and are cheaper to drive."

Fleet managers continue to complain about problems with exhaust-gas recirculation, diesel particulate filters and selective catalytic reduction systems used since 2002, 2007 and 2010, respectively.

By contrast, 1999 to 2002-model diesels were known for reliability, longevity and good fuel mileage. Fitzgerald favors Detroit’s 12.7-liter Series 60 from that era, but also installs pre-EGR 14-liter Cummins and 15-liter Caterpillar diesels. All are rebuilt, as are most transmissions and other parts.

The components and the completed trucks are covered by warranties that rival those on new trucks, van Westing says.

Not everyone is such a fan, however.

Glider kits are not part of Arrow Truck Sales’ business, says its president, Steve Clough. "I can't tell you the last time I saw a glider kit," he says. "Part of it is the bodies and frames made today are so much better," he says, compared to trucks from the ’70s and ’80s where the body would rust out but the engines and other parts could be rebuilt.

To Dale Tower, vice president of re-marketing for Ameriquest Used Truck Services, "the problem is residual values. If your plan is to run it into the ground, okay. But if you want to sell them, nobody wants them."

Van Westing begs to differ.
"We take traded-in gliders if it’s something we can sell," she says. "We will absolutely take our own gliders. We have some larger fleets that want to always be under warranty, so they’ll want to obtain new ones."

Who’s making glider kits
Nearly all of Fitzgerald’s gliders are Freightliners, which have been available since the 1980s. It also does Western Stars and Peterbilts, and plans to assemble Kenworths, which last fall resumed offering gliders due to customer demand.

Another major maker of gliders is the WheelTime Network, a federation of 18 distributors and repair shops. Half of them produce kits, and all supply parts to dealers and fleets whose shops do their own.

Members together assemble about 1,000 kits a year, according to Chris Craddock, director of the WheelTime Exchange, which supplies rebuilt Series 60 diesels used by Fitzgerald.

Soon WheelTime will locate an engine rebuilding line at Fitzgerald’s Byrdstown, Tenn., plant, which it opened last year to keep up with demand.

Dealers are getting into the act, too.

Daimler Trucks North America produced about 3,800 gliders last year, said Don White, who manages the program. "Half of the 650 Freightliner and Western Star dealers and branches have assembled at least one. Each year it gains a little momentum."

Economics behind glider kits
“Smaller fleets have always struggled to buy enough trucks, so they have been buyers of used trucks,” says Riley Asher, vice president of fleet services at Clarke Power Systems, a WheelTime member with locations in nine states.

“They’re into gliders, and are excited about them. I think we’re going to see a steady stream of business, and a substantial number for quite some time if the economics don’t change.”

“Fleets are desperately trying to stretch their capital,” Asher continues.

“Coming out of the recession, they’ve skipped a couple of trade cycles. Freight’s coming on strong and they need to get newer equipment on the road. A glider is essentially a new truck, comfortable and very reliable, and costs substantially less than a new truck.”

Clarke assembled several hundred gliders for Schneider National in 2011 and 2012, says Rob Reich, the carrier’s vice president of maintenance.

“We’re done now. We had the pre-EGR Series 60 in tractors in our fleet. It’s a very stable engine with good fuel efficiency. So we assessed that and the cost of a glider, and we decided it was a good financial decision.”

A&R Transport, a bulk hauler of plastic pellets in pneumatic tankers, went to gliders when DPFs in new trucks were plugging up during high-idle offloading of product, says Dan Umphress, vice president of maintenance and fleet services.

Glider kit tractors with non-DPF engines now make up two-thirds of the road fleet.

**Glider kit rules**

“There are still a lot of people who don’t know what a glider kit is,” much less how to order or assemble one, says Daimler’s White. “There are a lot of rules out there, but if you know them, it’s not hard.”

Among them is the need for a “donor” truck, either wrecked or worn out. If a customer doesn’t have one, the assembler locates it and literally yanks its components for rebuilding and installing in the kit, or has the vehicle information along with the engine.

Some states require a copy of the old truck’s title and some don't. Assemblers and dealers that specialize in gliders, will know what the rules are.

There will be fewer kits built this year because customers and dealers have held back, waiting for an anticipated rules change from the Internal Revenue Service, White says.

The agency issued an “advice” letter in early February, but it basically changed nothing, so sales have been picking up again. The IRS closely watches glider transactions because it wants to collect the federal excise tax whenever possible.

Last year the American Truck Dealers division of the National Automobile Dealers Association asked the IRS to clarify several legal aspects regarding glider kits, but the agency’s advice was disappointingly vague, ATD officials said.

One thing that remains clear, though, is that if there is any federal excise tax involved, the customer is responsible for paying it.

ATD has told its dealers to always place that responsibility with glider buyers. So although experienced glider assemblers can provide good guidance, so the FET is avoided, customers must be sure the work and transaction are handled correctly.

“You can use a glider kit to replace a truck if two or more major components of the original vehicle are used and the selling price is 75% or less of the actual transaction price of a comparable new truck,” explains Dave Hames, general manager of marketing and strategy at Daimler Trucks and Freightliner, whose past duties included glider kits.

**Putting the glider kit together**
Assembly time ranges from three days for a “powered” glider, which has a factory-installed remanufactured engine, to a week for a non-powered kit, Hames says.

Sometimes the tandem will be assembled and ready to mount, and the frame will be predrilled for a specified suspension, so work can go fast.

“There are lots of ways to screw up a glider kit,” Hames says. “Nothing is worse than giving the wrong serial number.”

Wiring harnesses are installed for the specified engine, and manufacturers often get the correct older designs from outside suppliers. The engine and harness, in turn, can dictate the truck model.

“For example, the current Coronado never had a Cat or a Series 60 engine,” Hames says. So Fitzgerald gets the old Coronado, designated CC-132, which has a different instrument panel, body pieces and other details. “We're now selling more of that model as gliders than we ever did new.”

Growth in gliders in recent years was due to the FET avoidance, poor fuel economy with EPA 2007-spec engines, and then the high cost of EPA 2010 emissions requirements, Hames says. “But that's beginning to go away. The market has digested the pricing on the EPA '10 engines, and the fuel economy is going in the right direction. So it might decline as a business.”

Even Tommy Fitzgerald Jr. acknowledges the possibility. “We're set up to make a profit at 300 a year,” he comments. “But I don't see it going to that.”

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Gliders losing altitude: Emissions regs crack down on pre-2010 engines, crimping a hot market

Glider vehicle makers can build as many gliders with pre-2010 emissions as their highest year of production between 2010 and 2014, per the Phase 2 rule’s allowance. After that, glider vehicle makers can build up to 300 trucks a year that do not comply with Phase 2 standards. The 300-truck allowance also applies to truckers who want to build their own glider vehicles at home with kits purchased directly from truck manufacturers such as Peterbilt and Freightliner. That means operators are free to install, by themselves or through a shop that hasn’t exceeded the 300-truck allowance, a pre-2010 engine into a glider kit.

With no further modification, those engines would not satisfy the new Phase 2 emissions standards, known as Greenhouse Gas Emissions and Fuel Efficiency Standards for Heavy-Duty Engines and Vehicles – Phase 2. They call for engines installed in glider vehicles to meet 2010 standards for emissions of greenhouse gases, particulate matter and nitrous oxide (NOx). If Fitzgerald is able to upgrade its older engines for 2010 compliance, buyers could have concerns about reliability if the system is relatively untested.

Another approach to Phase 2 is to use proven 2010 and later engines that cost less than new engines and forgo the selling point of having no EGR and DEF technology. Cummins, for example, offers remanufactured post-2010 engines that still use EGR and DEF.

RELATED: Will GOP control kill Phase 2 standards? Maybe…

Business has boomed for glider vehicle assemblers since 2007.

Companies such as Fitzgerald Glider Kits, Harrison Truck Centers and Ervin’s Equipment have offered small fleets and owner-operators new trucks equipped with older, rebuilt engines that don’t use exhaust gas recirculation or require diesel exhaust fluid.

Federal regulations taking effect Dec. 27 restrict that market by allowing only much smaller sales after 2017. The expansive emissions standards finalized in October effectively close the loophole that allowed glider kit sales to flourish. That leaves glider kit makers scrambling to alter their operations or shuttering their glider business altogether.

That’s the case with Ervin’s. Perry Propst, head of marketing for Ervin’s, says the company closed its glider vehicle sales business in January, citing emissions regulations and market conditions.

Harrison’s did not respond to inquiries about the new standards.

Current standards require gliders to meet only the regulations in place the year the engine block was cast. Fitzgerald, the country’s largest glider vehicle supplier, uses almost exclusively 2003 model-year and older Detroit Diesel Series 60 engines. Fitzgerald remanufactures the engines and pairs them with Eaton-Fuller transmissions purchased directly from Eaton’s reman division.

Fitzgerald Glider Kits receives cabs and chassis directly from Freightliner, Kenworth and Peterbilt, then installs remanufactured 2003 and older Detroit Diesel Series 60 engines and reman Eaton-Fuller transmissions. Glider assemblers like Fitzgerald will need to either bring these engines into compliance with 2010 regulations or seek alternative paths to ensure compliance with Phase 2 emissions regulations.

James Jaillet | December 14, 2016

Gliders losing altitude: Emissions regs crack down on pre-2010 engines, crimping a hot market | Overdrive - Owner Operators Trucking Magazine

While such trucks are compliant under Phase 2 standards, most of them still are forbidden from operating in California. The state currently requires all trucks operating within its borders to comply with EPA 2007 standards. By 2023, California will require all trucks operating there to meet EPA 2010 standards.

Fitzgerald has been mum on the specifics of its plans. Spokesperson Stu McLaughin says the company has a dozen engineers on staff, working on compliance, lightweighting and other aspects of the Detroit Series 60 engines.

“We’re confident we’ll be able to test our products and meet the new standards,” he says. “Our plans for production are still in accordance with what we feel works for us and what sales trends in the past couple of years dictate.”

The rule “clearly states they definitely anticipate kits to be built for years and years,” McLaughin says. “They just want them to be compliant. Gliders represent such a small percentage of truck sales, but within that small market, it would be a crushing blow to say ‘no kits.’

Fitzgerald tractors, new except for their rebuilt engines and remanufactured transmissions, run about $10,000 less than comparable new tractors sold by dealers. McLaughin says the company is unsure how the new standards will affect pricing, but there likely will be “updates” to current pricing.

Phase 2 sets new hurdles for engines, tractors and trailers, some going into effect as early as next year. New standards for engines begin in 2018. They gradually tighten until 2027, when engines will be required to achieve 5 to 6 percent greater fuel economy when compared to 2017 benchmarks.

The ballooning growth of glider kit production – from about 1,000 trucks sold in 2007 to about 10,000 units last year – caught the eye of regulators with the U.S. Environmental Protection Agency and the U.S. Department of Transportation.

“The market was figuring out ways to circumvent cleaner, newer emissions-standards engines,” says Matt Spears, head of EPA’s heavy-duty on-road sector. “In the Phase 2 rule, we said, yeah, this does appear to be a loophole. So that’s why we proposed to do something about it – because of the disproportionately large impact on particulate matter and NOx emissions that these relatively small sales numbers had.”

EPA estimates annual greenhouse gas emissions of 10,000 kits to be equivalent to 200,000 2010-compliant engines – nearly the entirety of new truck sales projected for next year. Likewise, 10,000 kits emit about as much NOx as 100,000 new trucks, EPA says.

The American Trucking Associations doesn’t take a stance on the changes to the glider kit standards, says Glen Kedzie, ATA vice president of energy and environmental counsel. But Kedzie says the trade group understands the need for the change to glider emissions regulations.

“They’re just setting out to clean up the emissions from the glider kit industry,” he says. “If we kept going down the pathway of allowing 10,000 pre-2003 engines to be put out there, the industry’s emissions are going to be exponentially steered toward being on the shoulders of glider kits.”

Click here to read more on Phase 2 emissions standards.
DOJ, EPA ANNOUNCE ONE BILLION DOLLAR SETTLEMENT WITH DIESEL ENGINE INDUSTRY FOR CLEAN AIR VIOLATIONS

Total Settlement is Biggest in Clean Air Act Enforcement History

WASHINGTON, D.C. Announcing a total settlement that comprises the largest Clean Air Act enforcement action in history, the Justice Department and the Environmental Protection Agency today said that seven manufacturers of heavy duty diesel engines will spend more than one billion dollars to settle charges that they illegally poured millions of tons of pollution into the air, including an $83.4 million civil penalty, the largest in environmental enforcement history.

The settlement will resolve charges that the companies Caterpillar Inc., Cummins Engine Company, Detroit Diesel Corporation, Mack Trucks, Inc., Navistar International Transportation Corporation, Renault Vehicules Industriels, s.a. and Volvo Truck Corporation violated the Clean Air Act by installing devices that defeat emission controls. The settlement is expected to prevent 75 million tons of nitrogen oxide (NOx) air pollution over the next 27 years; 75 million is more than the total U.S. NOx emissions for three years. In addition, due to the settlement, the total NOx emissions from diesel engines will be reduced by one-third as of the year 2003. The settlement is significant because the companies comprise 95 percent of the U.S. heavy duty diesel engine market.

"The diesel engine industry has illegally poured millions of tons of pollution into the air. It's time for the diesel engine industry to clean up its act and clean up our air," said Attorney General Janet Reno. "These companies needlessly cost themselves millions of extra dollars by not complying with the law in the first place. Today's settlement shows that an ounce of compliance is worth a pound of penalties."

"This landmark settlement the biggest civil penalty ever for violating an environmental law is proof that companies that fail to meet their responsibility to protect public health and the environment will pay a stiff price," said EPA Administrator Carol Browner. "These defeat devices are really deceit devices -- they defeat important public health protections and deceive the American people. The settlement underscores this Administration's commitment to vigorously enforce the environmental laws of this nation and to ensure that the air people breathe is safe and clean."

The complaint alleges that the companies violated the Clean Air Act by selling heavy duty diesel engines equipped with "defeat devices" -- software that alters an engine's pollution control equipment under highway driving conditions. The defeat devices allow engines to meet EPA emission standards during testing but disable the emission control system during normal highway driving. The Clean Air Act prohibits any manufacturer from selling any new motor vehicle engine equipped with any device designed to defeat the engine's emission control system. The engines meet the emission limits when they run on the EPA's 20-minute Federal Test Procedure, but when the engines are running on the highway, up to three times the limit of NOx emissions result.

The companies are alleged to have sold an estimated 1.3 million of the affected engines, which range from the type used in tractor trailers to large pick-up trucks. The affected engines emitted more than 1.3 million tons of excess NOx in 1998 alone, which is six percent of all NOx emissions from cars, trucks and industrial sources this year. This is equivalent to the NOx emissions from an additional 65 million cars being on the road. If
The companies' use of defeat devices had not been detected and eliminated, more than 20 million tons of excess NOx would have been emitted by the year 2005.

The settlement requires that the companies spend collectively over one billion dollars, including $83.4 million in civil penalties, the largest in environmental enforcement history.

In addition, EPA estimates that the companies will spend collectively more than $850 million to introduce cleaner new engines, rebuild older engines to cleaner levels, recall pickup trucks that have defeat devices installed and conduct new emissions testing.

Under the agreements lodged today with the U.S. District Court for the District of Columbia, the companies will reduce significantly emissions from new heavy duty diesel engines by the end of the year and then meet levels beyond what the law requires by October 2002. The companies also will ensure that when older heavy duty diesel engines are rebuilt, their excess emissions will be reduced. The companies also will move up the date for meeting certain NOx emission standards applicable to non-road engines such as construction equipment.

In addition to reducing NOx emissions from the heavy duty diesel engines, the companies will undertake a number of projects to lower NOx emissions, including research and development projects to design low-emitting engines that use new technologies and cleaner fuels. Collectively, these projects will cost $109.5 million.

"The consent decrees filed today confirm that no one can violate federal environmental laws with impunity, and that attempts to circumvent the regulations of the Clean Air Act will not be tolerated," said U.S. Attorney for the District of Columbia Wilma A. Lewis. "Moreover, this settlement -- which represents the combined efforts of EPA, DOJ and the US Attorney’s Office -- will help to remedy the wrongs committed while improving the quality of our environment and saving the taxpayers the expense of a lengthy trial."

The emission problems were discovered last year when EPA tested one of the company's engines. EPA and DOJ then began an extensive investigation. Settlement discussion began earlier this year.

NOx is one of the six criteria pollutants for which EPA has established National Ambient Air Quality Standards. It contributes to the formation of ground level ozone (smog), soot and dust. These pollutants can cause premature death, asthma attacks, bronchitis, and reduced lung functions and other breathing problems, especially in the elderly and children. NOx also causes acid rain, which causes damage to agricultural crops, pollutes drinking water, and causes acid deposition in water bodies.

The manufacturers will be subject to additional heavy penalties if they do not meet the agreement deadlines, and will be required to demonstrate compliance with the settlement on tests, which supplement the Federal Test Procedure to ensure there are no new defeat devices used.

Part of the civil penalties will be paid to the California Air Resources Board, with which the companies have made a related settlement.

This settlement is the third significant Clean Air Act settlement with the auto industry in the past three years. In June of this year, DOJ and EPA settled charges against American Honda Motor Co. for $267 million and Ford Motor Company for $7.8 million for selling vehicles with a device that defeats emissions control systems. In 1995, DOJ and EPA settled with GM for $45 million for putting defeat devices in 500,000 Cadillacs, increasing carbon monoxide emissions when the climate control system was on.

The proposed settlements will be published in the Federal Register for 30 days and must be approved by the Court.

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98-499