



NATIONAL AUTOMOBILE DEALERS ASSOCIATION
8400 Westpark Drive • McLean, Virginia 22102
703/821-7040 • 703/821-7041

Legal & Regulatory Group

September 5, 2006

Via E-mail

Office of the Secretary
Federal Trade Commission (FTC)
Room-H-135 (Annex P)
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: 16 CFR Part 311 Comment-Recycled Oil Rule, Matter No. R511036

Dear Sir or Madam:

The National Automobile Dealers Association (NADA) represents 20,000 franchised automobile and truck dealers who sell new and used motor vehicles and engage in service, repair and parts sales. Together they employ in excess of 1,300,000 people nationwide yet a significant number are small businesses as defined by the Small Business Administration.

Earlier this year, the FTC asked for comment on its rule governing Test Procedures and Labeling Standards for Recycled Oil (Rule) as part of a systematic review of its current rules and guides. 71 Fed. Reg. 38,321-2 (July 6, 2006). In response, NADA offers the following.

While the Rule directly affects businesses that process used oil, it indirectly impacts automobile and truck dealerships that purchase motor oil for installation and that collect used oil from the vehicles they service. Automobile dealerships responsibly manage the used oil they collect, both from the vehicles they service and from do-it-yourselfers. It is important that the Rule continue to serve to ensure that motor oil purchasers be given adequate information regarding recycled oil, without inhibiting the marketability of recycled oil. Given that automobile and truck dealerships use only American Petroleum Institute (API) certified motor oils consistent with vehicle manufacturer recommendations, the Rule's requirement that used oil processors take appropriate steps when manufacturing "substantially equivalent" motor oils helps make those oils potentially marketable to dealerships. Moreover, by not mandating that "substantially equivalent" recycled oils be labeled as "recycled" or "re-refined," processors are free to do address the marketplace as they see fit.

Section 383 of the Energy Policy and Conservation Act of 1975 (EPCA) aimed to encourage and promote the use of recycled oil and to reduce the wasteful practices associated with the disposal of used oil. Potential changes to the Rule must be consistent with those goals. Its worth noting that in 1981, the FTC appropriately suspended the origin labeling requirements found in the old Used Oil Rule, eventually repealing it in its entirety in 1996. With the consumer acceptance of recycled oil continuing to improve, albeit slowly, the FTC should refrain from

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imposing any new mandatory labeling requirements that could potentially inhibit this trend. Lastly, the FTC should redraft the Rule to allow for the incorporation by reference of the latest version of API's Publication 1509 (or equivalent).

On behalf of NADA, I thank the FTC for the opportunity to comment on this matter.

Respectfully submitted,

Smitha Koppuzha
Staff Attorney