

Dropping auto mileage rules would be a catastrophe

By Dan Becker and James Gerstenzang

Updated 8:49 PM ET, Tue March 14, 2017

Story highlights

- President Trump may unravel strong emissions rules put into effect under the Obama administration
- Dan Becker and James Gerstenzang: Doing so would be catastrophic for the public, the environment and the auto industry

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(CNN) Egged on by the auto industry, President Trump is expected to start unraveling strong mileage and emissions rules that protect US energy security, consumers, the environment and even automakers' healthy profits.

After lengthy negotiations with car makers, the Obama administration had set the standards in 2012. As written, the standards would phase in a new fleet of vehicles that would average more than 50 mpg in 2025. The average for the new-vehicle fleet today is only 36 mpg, but this does not take into consideration the credits that automakers are awarded for in-vehicle technology that they claim reduces emissions of global warming pollution.

With steady improvement in fuel efficiency, these standards would save consumers \$4,000 at the pump over the life of their cars. That's \$1 trillion nationwide -- and more if gas prices rise.

One week before Obama left office, the EPA completed an <u>exhaustive analysis</u> of the standards' impact and feasibility, and determined there was no reason to change them. Yet, at the urging of General Motors' CEO Mary T. Barra, Ford's CEO Mark Fields and the industry trade association, the Trump administration is reported to be <u>about to reverse</u> that decision.

Do Trump and the automakers want to slam the brakes on such progress? If so, they should be careful what they wish for.

With weaker rules, our oil demand and trade deficit will grow, and our carbon dioxide output, the <u>greatest contributor</u> to climate change, will increase. Thus far, the rules have saved Americans \$35 billion in gasoline and would keep about <u>6 billion tons</u> of carbon dioxide out of the atmosphere, the <u>biggest single step</u> any nation will have taken to fight global warming. The cost of reversing course now would therefore be catastrophic.

In addition to the federal agencies, the California Air Resources Board plays a crucial role: Under the Clean Air Act and with EPA permission, the state may set its own emissions rules. The Supreme Court has affirmed the state's unique authority. Twelve other states, including New York and Pennsylvania, adhere to its rules. Combined, California and the others make up approximately 35% of the US auto market, giving the California authorities a role in protecting the atmosphere.

In addition to moving to weaken the national rules, the Trump administration is, <u>according to</u> <u>some reports</u>, considering denying California authority to set its own standards, which new EPA administrator Scott Pruitt said he intended to review. Going to war against California and 12 other states over whether they may protect their citizens isn't a winning way to sell cars or protect Trump's political standing.

Under the current rules, automakers may make SUVs, pickups and other light trucks less efficient than cars. But weaker rules will enable automakers to build even more expensive vehicles with older, less-efficient technology and hefty markups. And because trucks offer greater profits, manufacturers invest large sums into marketing these gas guzzlers.

This wouldn't be the first time carmakers chose immediate sales over long-term success. Aiming for short-term profit, the industry spent decades building the truck market at the expense of car sales.

But when the Great Recession hit in 2008, consumers who could still afford new vehicles wanted efficient models. Gas-guzzling trucks sat on dealers' lots week after week. GM and Chrysler sped headlong into bankruptcy, and taxpayers ponied up <u>\$85 billion</u> in bailouts to save their tailpipes.

Employing "alternative math" to prod Trump to help the industry, Ford's chief said last month that meeting the Obama-era standards would so damage sales -- meaning sales of thirsty trucks -- that the industry as a whole would shed roughly <u>1 million jobs</u>. Yet Detroit's Big 3 (GM, Ford and Chrysler) themselves employ <u>only 900,000</u> between them.

Here's the real math: The industry overall has added <u>700,000 jobs</u> while building cars under the tougher standards. Automotive News, the industry's main trade paper, <u>noted</u> the health of the automobile business: "You'd think the auto industry had been bleeding red ink" since it reached the emissions agreement with Obama. Rather, the newspaper wrote in an editorial, the latest rules "coincided with rather robust growth in jobs, sales, profits, horsepower and fuel economy."

Instead of weakening the rules, Trump and the automakers would be wise to consider the domestic auto industry's long-term health and auto workers' jobs as Detroit faces competition from Chinese, European, Japanese and South Korean automakers.

"The rest of the world is still pressing ahead with higher standards," <u>Michelle Krebs, a senior</u> <u>analyst at Autotrader.com, told The New York Times</u> after the EPA issued its analysis. "Even if they ease regulation in the U.S., companies will still have to do this to be compliant in other markets."

Before the EPA finalized that analysis in January, it found that automakers can meet the standards with safe vehicles built with existing technology: High-strength, light-weight materials, continuously variable transmissions and gas-saving turbo-charged engines, for example.

US automakers are already meeting tougher standards in the vehicles they sell in Europe and Asia.

In tearing down one of the Obama administration's walls against global warming -- a program that auto company executives unanimously committed in writing not to fight --the automakers have climbed into the back seat with Trump.

Together, they are following a scorched-earth policy that leaves us all at risk: a huge industry unprotected against future economic turmoil, American consumers vulnerable to fickle oil prices, our national security reliant on oil from unreliable suppliers and our economy hobbled by the flow of dollars to OPEC. And on top of all that, a world facing the challenge of a changing climate.

http://www.cnn.com/2017/03/12/opinions/auto-industry-emissions-trump-threat-becker-gerstenzang/index.html