USA TODAY

Feds don't give a break to automakers on fuel economy

Brent Snavely, Detroit Free Press 5:37 p.m. EDT July 18, 2016

Two federal agencies indicated Monday they are going to refuse to give a break to U.S. automakers that have been wanting some relief from tougher fuel economy standards through 2025.

The draft report issued by the U.S. Environmental Protection Agency and the National Highway Traffic Safety Administration credits the industry for improving fuel economy and reducing emissions, indicating it is on track for the 2025 goals. The report is part of a "midterm" evaluation of regulatory standards the government and the automotive industry adopted in 2012 after fuel prices spiked and there was a desire to reduce the nation's dependence on foreign oil.

Now, with gas prices low and auto buyers clamoring for more thirsty SUVs, the auto industry is warning that the costs of achieving higher fuel economy levels may be too high. A trade group, the Alliance of Automobile Manufacturers warned that, while the industry has managed to meet regulatory requirements up until now, the cost of meeting future regulations could drive some automakers out of business.

"Given changes in the market landscape, it will be a daunting challenge to meet the very aggressive requirements of the 2022-2025 federal fuel economy and greenhouse gas rule," the Alliance said in a statement. "Excessive regulatory costs could impact both consumers and the employees who produce these vehicles."

The government, however, has concluded that automakers are ahead of schedule on the introduction of fuel-efficient cars and trucks.

"Today's draft report shows that automakers are developing far more technologies to improve fuel economy and reduce greenhouse gas emissions, at similar or lower costs, than we thought possible just a few years ago," Janet McCabe, acting assistant administrator for the EPA's Office of Air and Radiation, said in a statement. "They are adopting these fuel-saving technologies into their fleets even faster than anticipated."

Even though gas prices have declined and sales of hybrid and electric vehicles have not met expectations, the agencies said the automotive industry has made greater progress than expected with the introduction of more fuel-efficient gasoline engines and improved aerodynamics and by lowering the weight of vehicles.

IHS Automotive, an global automotive consulting firm, said last week that automakers are on track to spend, on average, between $5 billion and $8 billion annually to meet the current regulations.

But Daniel Becker, director of the Safe Climate Campaign, said automakers could make more progress if they put a greater emphasis on smaller cars rather than large crossovers and pickups.

"President Obama's program is the biggest single step any nation has taken to fight global warming," Becker said. "Based on the plethora of low-cost gas-saving technologies the report documents, there is no excuse not to improve efficiency and strengthen the standards."

The report does not provide a final policy or regulatory rule for the government. Instead, it kicks off a 60-day comment period to provide comments and feedback.

It will likely take a full year before the agencies make a final decision on whether or not to change any of its regulations. Nevertheless, today's initial report shows the agencies are unlikely to become convinced that any changes are needed

http://www.usatoday.com/story/money/cars/2016/07/18/feds-dont-give-break-automakers-fuel-economy/87260436/