Automotive News

Automakers try to stall higher mpg standards, ask Obama for review

Jeff Plungis
and David Welch July 20, 2011 - 11:36 am ET

WASHINGTON (Bloomberg) -- The auto industry is pressing the Obama administration for a promise to reevaluate rules that may more than double U.S. fuel economy standards by 2025 before they become final.

The White House agrees that a review during the transition period is needed, said Ellen Gleberman, a vice president of trade group Global Automakers who has participated in talks between the government and industry on the proposed rule, which will set new mileage standards starting in 2017.

The administration in June floated a fuel-economy target of 56.2 miles per gallon by 2025, up from 27.3 mpg now.

Automakers are seeking to slow mileage-standard increases, saying the necessary technology isn't yet in place and may slow sales by making vehicles more expensive. A review midway through the 2017-2025 program would give regulators a chance to reassess assumptions that the needed engine technology will exist, Gleberman said.

"It's very difficult if not impossible to know where the industry will be in terms of technology or what the market conditions will be this far in the future," said Gleberman, whose group represents **Toyota Motor Corp.**, **Honda Motor Co.**, **Nissan Motor Co.** and 11 other Asian and European automakers.

Still under negotiation are details of the midpoint review, including the timing, whether there will be a judicial review and whether the Environmental Protection Agency, the Transportation Department and California's Air Resources Board will coordinate efforts, Gleberman said.

Review facing opposition

Environmental groups oppose the midterm review, saying it's a gambit by automakers seeking to kill the program at the halfway point, when a president more friendly to the industry may be in office, said Dan Becker, director of the Washington-based Safe Climate Campaign.

Environmental groups had initially pushed for 62 mpg by 2025. The 56.2 mpg target represents an improvement of about 5 percent a year in each company's fleetwide average fuel economy from 2016, when they are required to have a 35.5 mpg average for vehicles sold in the U.S.

"A slow ramp-up leading to a midterm review could end the program before the 5 percent levels even begin to hit," said Becker, whose Washington-based group has also been meeting with the White House. "The question is whether the midterm review becomes an off-ramp rather than an evaluation of the program."

Clark Stevens, a White House spokesman, declined to comment on details of the talks.

"We are engaged with a number of stakeholders including automakers, the state of California, environmental groups and others," Stevens said. The goal is a standard "that will save families money and keep the jobs of the future here."

'Aggressive but realistic'

Regulators need to see "an aggressive but realistic schedule, commitment to advanced-technology vehicles, real improvements in efficiency and greenhouse gas reductions, and closing loopholes that could undermine the benefits of the program," Stanley Young, a spokesman for the California Air Resources Board, said in an e-mail.

Automakers are rallying public support. The Alliance for Automobile Manufacturers, which represents Detroit's three automakers, Toyota, **Volkswagen AG** and eight other companies, is running radio ads in Michigan and other states with manufacturing plants, the *Detroit Free Press* reported July 15.

"Families would be hit with higher car prices," according to a recording of an ad at the newspaper's Web site. "The government is predicting a drop in auto sales in what amounts to an electric-vehicle mandate. A sales drop means job losses."

Wade Newton, a spokesman for the Washington-based group, declined to comment on the ads.

Carmakers are lobbying for relief on several levels. They want a slower increase in mandated fuel economy in the early years of the schedule and bigger increases in later years, said two people familiar with the talks between automakers and regulators who declined to be identified because the discussions aren't public.

Lobbyists for **General Motors Co.**, **Ford Motor Co.** and Chrysler Group have pushed for relaxed standards on pickup trucks. That could come by assigning a lower mileage standard for pickups with higher carbon emissions or by making a special exemption just for those trucks, three people said.

Pickup trucks

The auto industry is not allied on the truck issue, they said. Domestic carmakers would be more willing to agree to larger fuel economy increases for passenger cars in exchange for lower increases on trucks, the people said. That concerns some foreign carmakers who don't sell pickups or get much greater sales from cars, they said.

Christin Baker, a spokeswoman from Ford, and Shawn Morgan, a spokeswoman for Chrysler, declined to comment. Jay Cooney, a GM spokesman, couldn't be reached for comment.

Automakers are also seeking credits for more efficient air conditioning systems, for zero-emission electric cars and for flexible fuel vehicles that can run on ethanol, said Becker of the Safe Climate Campaign.

Environmental groups are watching the size of all of the credits under discussion to determine whether they'll be used as loopholes, Becker said. If automakers get too much credit for electric vehicles, it may enable them to sell many more gas- guzzling SUVs and pickups, he said.

"Automakers are looking for loopholes big enough to drive large pickup trucks through," Becker said. "We like EVs, too. The question is whether they'll do more harm than good."

Contact Automotive News

Read more:
http://www.autonews.com/apps/pbcs.dll/article?AID=/20110720/OEM05/110729986/1179#ixzz1VyrnsRc8