Obama sets strict limits on car exhaust emissions

Policy requires US automakers to produce cars and trucks that get an average 35.5mpg by 2016

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America's gas-guzzling automobiles were heading towards extinction yesterday as Barack Obama set strict limits on car exhaust emissions and directed producers to make a more fuelefficient vehicle fleet. The policy requires US auto makers to produce cars and trucks that achieve an average 35.5mpg by 2016, and will reduce America's carbon dioxide emissions by 30%.

"For the first time in history we have set in motion a national policy aimed at increasing gas mileage and decreasing greenhouse gas pollution for all new trucks and cars sold in the United States," Obama told state governors, including California's Arnold Schwarzenegger, car industry executives and environmentalists in the White House rose garden.

Obama said America had paid a high price for its dependence on imported oil, and the change was long overdue. "What is all the more tragic is that we've known about these costs in one way or another since the gas shortages of the 1970s. And yet all too little has been done. Calls for action rise and fall with the price of a barrel of oil," he said.

Environmentalists said the policy, which will be put in force by the Environmental Protection Agency and the Department of Transport, would do more to reduce global warming pollution than any of the other measures taken by Obama so far. It would also lead to the overhaul of the US car industry. Cars and trucks are responsible for about a quarter of America's greenhouse gas emissions.

Obama said the change, which will improve today's average 25mpg performance, was the equivalent of shutting down 194 coal plants or taking 58m cars off the roads for a year. It will cut greenhouse gas emissions by 900m metric tonnes, and save the equivalent of last year's imports of oil from Saudi Arabia, Venezuela, Libya and Nigeria combined.

The plan is the product of months of negotiations between the White House, struggling vehicle makers and the state of California. America's auto makers had spent years resisting efforts by California and 13 other states to set more stringent rules on car emissions. The Bush - administration had also blocked California's efforts to regulate car exhaust.

Schwarzenegger hailed yesterday's deal as an historic compromise. "Three or four other presidential administrations have tried to do this and weren't successful," he said. "This president, after 120 days in office, has created the action that brought everyone together." The deal was also a measure of the weakened state of America's auto industry. GM and Chrysler

took a \$25bn (£16bn) bailout last year.

The compromise was sweetened with further funds: on Monday Democrats held out the prospect of a further \$50bn in loan guarantees under the climate change bill making its way through Congress. In return, the car makers will drop a number of law suits against California and other states. Yesterday's plan will require auto makers to improve fuel efficiency by 5% every year, starting in 2012.

It does not bring a definitive end to America's affair with the automobile - but passions are cooling. While the new -standards in themselves offer no incentives for buying smaller cars, environmentalists said the move to cleaner and more efficient cars - across all vehicle classes - was an important landmark.

"Even if people don't change their driving habits, they will still be using a lot less gas," said Dan Becker of the Safe Climate Campaign. "In the meantime we can dramatically cut emissions and signal to the rest of the world that the US gets it and is getting serious about doing something about the thing we do worst, which is cars."

A senior administration official estimated it would cost an extra \$1,300 to produce each car. But Obama said yesterday that the car would pay for itself within three years through lower prices at the petrol pump. He also praised hybrid cars - saying he was happy with the hybrid Ford SUV he drove in Chicago.

Yesterday's move comes as the Obama administration tries to act on climate change on several fronts. In Congress, Democrats face a dogged attempt by Republicans to stop or delay a climate change bill. The Republicans say they plan to introduce some 400 amendments to the draft, which would put a cap on carbon emissions and compel electricity companies to get a proportion of their power from renewable energy sources.

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