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U.S. vehicle fuel economy hits new record: EPA

By: David Shepardson & Nick Carey

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The fuel economy of new U.S. cars and trucks hit a record 24.7 miles per gallon in the 2016 model year, a government report said, even as some automakers had to buy credits to remain compliant with federal requirements.

Fuel economy rose by just 0.1 mile per gallon in 2016 and is projected in the 2017 model year to hit another record of 25.2 mpg, the U.S. Environmental Protection Agency said in a report.

The news comes as regulators consider whether to revise fuel efficiency requirements. Last March, President Donald Trump ordered a review of tough U.S. vehicle fuel-efficiency standards put in place by the Obama administration, but states like California have pushed back against this decision.

Low oil prices have encouraged Americans to shift away from smaller passenger cars to trucks and SUVs, raising automaker concerns that rising fuel efficiency requirements through 2025 may be too stringent. Environmentalists say automakers must do more to make vehicles more efficient.

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The report said that after running surpluses in meeting greenhouse gas emission limits, automakers ran a 9 gram per mile deficit. The EPA said all major automakers still comply with the standards, with some using credits banked from prior years to meet the requirements.

Two automakers -- Volvo and Jaguar Land Rover -- have emission deficits, but they have three years to come into compliance. Neither automaker responded to a request for comment.

Fiat Chrysler Automobiles NV had the biggest deficit, falling 28 grams per mile of the requirements. But the company had credits banked to meet the requirements.

The company purchased nearly 2.5 million megagrams of emissions credits in 2016 from Tesla Inc, the EPA said. A megagram is equal to 1,000 kilograms and is calculated on emissions saved over legal requirements.

The government does not disclose how much automakers pay for credits. Since 2010, Fiat Chrysler has purchased 22 million megagrams of credits from other automakers, including nearly 6 million from Tesla. Mazda Motor Corp led the industry in average fuel economy at 29.6 mpg in 2016, but Honda Motor Co is projected to surpass Mazda as the leader in 2017.

“We are confident that our future engineering developments on internal combustion engines... will reinforce our leadership position as the fuel economy champion,” Mazda said in a statement.

Detroit’s Big Three automakers -- including General Motors Co and Ford Motor Co -- had the least fuel-efficient fleets overall. They sell a larger share of pickup trucks and SUVs, which generate much larger profit margins than passenger cars, than their foreign rivals.

The EPA report measures real world fuel economy, which is less than the values listed on new vehicle window stickers.