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Automakers lobby Trump on climate rule compromise

By: Camille von Kaenel

Automakers will toe a fine line today in their meeting with President Trump over fuel efficiency rules.

Top executives from Ford Motor Co., General Motors Co., Fiat Chrysler Automobiles NV and other automakers are expected to ask Trump to require improvements in mileage and avoid yearslong litigation with California at a White House meeting today.

That's a more moderate position than the rollback drafted by the Trump administration so far. A leaked plan would freeze fuel economy targets at 2020 levels and argue against California's authority to set its own, more stringent standards, setting up a long legal fight.

Mitch Bainwol, CEO of the Alliance of Automobile Manufacturers, told lawmakers this week that the group wants to "increase fuel efficiency standards year-over-year and incorporate California to ensure that 'One National Program' is maintained."

"We're hopeful that the slope continues to rise," Bainwol said.

The CEOs have reason to keep the meeting on script and appease the president, because a potential gap between the administration and the auto industry could be politically dangerous. Trump has made stocks tumble by shooting off tweets lambasting automakers for manufacturing cars in Mexico. He has also dangled the threat of tariffs and a renegotiation of the North American Free Trade Agreement — an issue that overshadows fuel efficiency rules for many of the companies.

The meeting today could represent the most important chance for automakers to make their case directly to the person in charge. It could lead to a coming-together with the auto industry, with the Trump administration's own version of the landmark Rose Garden ceremony where President Obama announced a deal to increase fuel efficiency targets, to applause from the manufacturer CEOs. Or it could lead to President Trump sticking to his guns and getting political points for escalating combat with California.

That would be a worst-case scenario for automakers that could set up a patchwork of regulations and years of uncertainty.

California and its allies, representing a third of the auto market, have vowed to stick with the Obama-era targets if Trump weakens the federal rules. The coalition has already sued EPA over its intentions to weaken the rules and has promised to keep up the lawsuits if Trump goes through with the rollback.

"We look forward to sharing our perspective on the upcoming rulemaking on fuel economy/greenhouse gases, and we want to hear the President's views on these matters," said a joint statement from the two automaker trade groups, the Alliance of Automobile Manufacturers and Global Automakers.

'Political impossibility'

Representatives from the automakers have already met quietly with White House staff in the past week in preparation for today. Some interpreted the message from the White House as one of disappointment that the industry wasn't cheering along Trump's efforts, according to several sources with knowledge of the meeting.

Conservatives who worked on Trump's transition team are urging the president to stay the course.

Tom Pyle, president of the Institute for Energy Research and the Energy Department transition head; Myron Ebell, director of the Center for Energy and Environment at the Competitive Enterprise Institute and head of the Trump administration's EPA transition; and Shirley Ybarra, a former Virginia secretary of transportation and the Transportation Department transition head, asked Trump to "dismiss" the automakers' concern about a patchwork of regulations and a battle with California in a letter today.

"They're asking for a political impossibility, that the state of California and the Trump administration negotiate in good faith," Pyle said. "They're going in a different direction anyway. Trump has to decide: Who's going to dictate national policy on this issue, one state or the capital?"

Automakers pressed the Trump administration to review the standards on day one of his term.

"Given where they were at the beginning of the presidency, given the fact they have made it clear the status quo was unacceptable, now they're arguing for differences in strategy towards a desired outcome, and my argument is the president's strategy is more appropriate and will lead to better results," Pyle said.

'Have I got a deal for you'

Since day one of the administration, however, environmental, consumer and public health advocates have ramped up their pressure on manufacturers. Public Citizen delivered 250,000 petition signatures to Ford this week asking the company to stop lobbying for a rollback. Shareholders voted on a resolution asking the company to clarify its position yesterday morning (see related story).

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Manufacturers came out with a more moderate position when EPA Administrator Scott Pruitt decided to lower the standards last month.

In an online meeting yesterday, Ford Executive Chairman William Clay Ford Jr. told shareholders there was a lot of "misunderstanding" around the fuel efficiency rules.

"We are not asking for a rollback. We want California at the table. We are working for one national standard that includes California," the chairman said.

"I think there's a reasonable deal to be had," Robert Bienenfeld, assistant vice president of environment and energy strategy at American Honda Motor Co. Inc., told E&E News.

Honda's proposal is to add flexibilities to the rules but maintain the overall targets. The flexibilities would grant automakers more special credits — some of which environmentalists call loopholes.

"Their rhetoric changed, and I give them credit for a much more sophisticated PR strategy," said David Friedman, former interim leader at the National Highway Traffic Safety Administration under Obama, who is now the director of cars and product policy and analysis for the Consumers Union. "They've shifted toward a much more nuanced strategy that I worry is still them saying, 'Don't raise the standards,' but in a nuanced way."

"I could come up with a system that nominally keeps the standards in place and still lets the automakers make no substantive improvements in fuel economy," he said.

Sen. Ed Markey (D-Mass.) sent letters to major automakers asking them to "speak out against the Trump administration's attempt to roll back these standards and stand by their agreements made in 2011." Markey added, "Mr. Bainwol's comments are simply not enough."

Sen. Tom Carper (D-Del.) is predicting a clash. "The president comes in, my expectation is he's going to say, 'Have I got a deal for you.'... And seven or eight auto CEOs are going to say, 'That's not what we want,'" he said yesterday at a conference sponsored by the Environmental Law Institute.