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Automakers, Rejecting Trump Pollution Rule, Strike a Deal With California

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WASHINGTON — Four of the world’s largest automakers have struck a deal with California to reduce automobile emissions, siding with the state in its fight with President Trump over one of his most consequential regulatory rollbacks.

In coming weeks, the Trump administration is expected to all but eliminate an Obama-era regulation designed to reduce vehicle emissions that contribute to global warming. California and 13 other states have vowed to keep enforcing the stricter rules, potentially splitting the United States auto market in two.

With car companies facing the prospect of having to build two separate lineups of vehicles, they opened secretive talks with California regulators in which the automakers — Ford Motor Company, Volkswagen of America, Honda and BMW — won rules that are slightly less restrictive than the Obama standards and that they can apply to vehicles sold nationwide.

The agreement provides “much-needed regulatory certainty,” the companies said in a joint statement, while enabling them to “meet both federal and state requirements with a single national fleet, avoiding a patchwork of regulations.”

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Under the agreement, the four automakers, which together make up about 30 percent of the United States auto market, would face slightly looser standard than the original Obama rule: Instead of reaching an average 54.5 miles per gallon by 2025, they would be required to hit about 51 miles per gallon by 2026.

The Trump administration has said it plans to roll back the Obama-era standard to about 37 miles per gallon.

Increasing fuel efficiency means vehicles burn less gas and subsequently emit less greenhouse gas pollution into the atmosphere.

Although California won the backing of the four companies in its showdown with the federal government, the Trump administration is still expected to try to revoke California’s right to set its own auto emissions standards. The state has vowed to fight that effort all the way to the Supreme Court if necessary, and the four automakers, by siding with California, are in effect voting that they expect California to win that battle.

On Thursday, Gov. Gavin Newsom of California said he was “very confident” that more automakers would join the deal in coming days, and one auto executive familiar with the negotiations agreed that was likely.

On Thursday morning, a wider group of automakers held a meeting to consider joining the pact, the executive said, although there were no immediate sign-ons. Ford, Honda, BMW and Volkswagen had initially decided to keep the group small, he said, because a wider group would have been more difficult to bring together, raising the prospect that word would get out and the deal would collapse.

An executive at another large automaker said his company was considering joining the agreement because it included meaningful concessions by California. The executive, who spoke on condition that neither he nor his company be identified, said that the Obama-era fuel economy standards were difficult for the industry to meet because car buyers increasingly prefer sport utility vehicles and pickup trucks that tend to have much lower fuel economy than sedans.

Margo Oge, a former senior E.P.A. official who worked on auto emissions policy and now serves as an informal adviser to several auto companies, said, “I have been calling all these companies and telling them to cut a deal with California. I think G.M. and Toyota will also have the courage to sign on.”

Trump administration officials said the California deal would not stop their plans to put forward a new federal rule to allow more tailpipe pollution. The deal “has no impact on E.P.A.’s regulation of greenhouse gas emissions under the Clean Air Act,” wrote Michael Abboud, an E.P.A. spokesman, in an email. “This voluntary framework is a PR stunt that does nothing to further the one national standard that will provide certainty and relief for American consumers.”

The new agreement would also give automakers more leeway in meeting the fuel economy standards through other means, like earning credits for fuel-saving technology.

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The carmakers are addressing a crisis that is partly of their own making. Soon after Mr. Trump was elected, the chief executives of the United States’ Big Three auto companies — Ford, General Motors and Fiat Chrysler — met with Mr. Trump in the Oval Office and asked them to loosen the Obama emissions rules. But the automakers have since grown alarmed at the expanding scope of the administration’s plan.

But the gasoline refining industry, which would benefit from continued gasoline sales, [lobbied hard for a rollback](#) alongside groups that deny the science of climate change. One of those groups [called automakers the “opposition”](#) in policy debates over fuel economy and urged the Trump administration to stay its course.

The fight over emissions rules is just one of many between Mr. Trump and California, a state he seems to relish antagonizing and which has filed more than 50 lawsuits against the administration.

California has been looking for allies far and wide. In June, Canada, which has historically followed the United States’ federal auto pollution rules, [signed a clean-car deal with California](#) in what was seen as a step toward formally adopting the state’s standards.

Describing the deal with automakers, Daniel Lashof, the United States’ director of the World Resources Institute, a research organization, said: “This shows that state leadership is indispensable. That’s where the leadership is coming from right now in the U.S. on climate.”

For the automakers, siding with California against the Trump administration comes with risks. One auto executive familiar with the talks said that, particularly for foreign automakers, striking a deal with California risked retaliation, for example, in the form of tariffs. But that could be painful for domestic manufacturers as well, because many cars and components are now made or partly assembled across the border in Mexico or Canada.

<https://www.nytimes.com/2019/07/25/climate/automakers-rejecting-trump-pollution-rule-strike-a-deal-with-california.html>