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White House Presses Automakers To Spurn California Vehicle Deal

August 15, 2019

The White House has been meeting with auto companies that have not joined the voluntary agreement California signed with four manufacturers over vehicle greenhouse gas standards, defending its deregulatory plan and prodding the companies not to join the deal, according to several sources familiar with the issue.

The sources say that the White House has been in communication this month with at least three automakers -- General Motors, Toyota and Fiat Chrysler America (FCA) -- who did not sign onto California’s July agreement, including during an in-person meeting with the automakers the week of Aug. 5.

California and four automakers -- Ford, Honda, BMW North America and Volkswagen -- signed [an agreement](#) in July under which the companies agree to follow vehicle standards more

stringent than the Trump plan though it does ease the Obama standards. Nevertheless, the move highlighted industry concerns with the regulatory, legal and political uncertainty with the still-pending Trump proposal.

Since then, California regulators have been [prodding automakers](#) that have not joined the deal to begin formally following the state's standards starting in model year 2020, a year earlier than when the state rules are slated to diverge from EPA's requirements.

In addition, [lawmakers](#) on both sides of the Capitol have been pressing the remaining manufacturers to join the agreement.

California [has also been defending](#) the agreement against claims that it represents a significant weakening of the program, though the deal is nevertheless being viewed as something of a public rebuke to the administration's plan, after the four automakers signed on.

But sources say the White House has been pushing back, though they diverge on how hard officials have leaned on the three non-signing companies with which it has met to spurn the deal.

One industry source called the conversations an effort to "browbeat" the companies to spurn the California deal.

A knowledgeable source characterizes the conversations as a mix of pep talk indicating the administration is moving ahead with its deregulatory plans amid the belief it will ultimately prevail in court -- with the suggestion that companies would want to be on the winning side.

And a third source tracking the issue says the White House went so far as to threaten adverse consequences on trade issues important to the automakers.

Another source following the issue, however, downplays claims the White House made explicit threats to retaliate against automakers on trade or other issues, saying that any such threat was at best implied, and that companies present were also thanked for not joining the California agreement.

And another industry source downplays the likelihood additional auto companies will sign onto the California agreement now -- at least until the final rule is issued. "I think they are going to wait to get more information, maybe have some talks to find more information."

The White House press office did not respond to a request to elaborate on the nature of the discussions, and EPA's press office referred a query on the issue to the White House.

Asked for comment on its receptivity to the California agreement and the White House engagement, General Motors told *Inside EPA* that "while our executive team regularly meets with policymakers we do not disclose details." It reiterated the company's focus on working with "all parties" to reach a 50-state solution to vehicle emissions.

FCA in a press statement similarly declined to elaborate further on the conversations but called the California agreement a confirmation of the need to relax the current program.

And Toyota's press office did not respond to a request for comment on the issue.

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While the effect of the discussions is not entirely clear, they come amid mixed indications on how close the administration is to finalizing its controversial Safer Affordable Fuel Efficient Vehicles (SAFE) rule that, as proposed, would freeze light duty vehicle greenhouse gas standards at model year 2020 levels until 2026.

Although the administration has announced the formal start of OMB review on Aug. 2, several sources cite indications OMB has received little of the actual rulemaking text, which may suggest additional delays.

But sources also add the administration is pushing to have the rule completed as soon as possible, with observers planning for a scenario where the final rule comes out in in September or October.

Expectations have swirled for months that the final SAFE plan may not freeze the standards but require a rate of annual improvement in vehicle emissions of perhaps half to one percent per year, though some sources tracking the issue say a *de facto* or literal freeze still cannot be ruled out.

The precise timing of the final rule remains unclear, though the White House Office of Management & Budget [says it received](#) the draft final rule Aug. 2, a timeline consistent with expectations that the rule could be complete by late September or early October.

But several sources also indicate that OMB has not yet received the guts of the rule, but rather language defending a repeal of California's waiver of federal preemption, and another separate document, being characterized as either a table of contents for the rule or an outline of a document that analyzes comments on the regulation.

That suggests to some, including administration critics, that officials are continuing to face challenges translating the proposal into a defensible final rule, though sources also do not rule out a final rule in September given the administration has wanted the proposal out for months.

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The first industry source says stakeholders have been grappling with precisely when and how aggressively to seek meetings with OMB amid indications that it does not have the entire rule in hand.

Rumors have also swirled that that the formal start of OMB review Aug. 2 was accelerated after President Trump himself was piqued at reports of the California agreement, with the rule still not final.

Whether or not Trump specifically objected, another source familiar with the issue characterizes the announcement of the OMB review as driven at least as much by pressures to respond to news of the California agreement as a sign of actual progress on the final rule.

“The fact that [the administration submitted anything to OMB [at this stage] was a direct result of the California deal,” the source says. -- *Doug Obey* (dobey@iwpnews.com)

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