



This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your

colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for

samples and additional information. [Order a reprint of this article now.](#)

July 3, 2011

Carmakers and White House Haggling Over Mileage Rules

By JOHN M. BRODER

WASHINGTON — The Obama administration and the auto industry are locked in negotiations over new vehicle mileage and emissions standards that will have a profound effect on the cars Americans drive and the health of the auto industry over the next decade and beyond.

Depending on the stringency of the standard, the deal could also reduce global warming emissions by millions of tons a year and cut oil imports by billions of barrels over the life of the program, cornerstones of President Obama's energy policy.

The administration is [proposing regulations](#) that will require new American cars and trucks to attain an average of as much as 56.2 miles per gallon by 2025, roughly double the current level. That would require increases in fuel efficiency of nearly 5 percent a year from 2017 to 2025.

The standard would put domestic vehicle fuel efficiency on a par with that in Europe, China and Japan, saving consumers billions of dollars at the pump and creating for the first time a truly global automobile market.

The automakers say the standard is technically achievable. But they warn that it will cost billions of dollars to develop the vehicles, and they express doubt that consumers will accept the smaller, lighter

— and in some cases, more expensive — cars that result.

“We can build these vehicles,” said Gloria Bergquist, vice president for public affairs at the Alliance of Automobile Manufacturers, the leading industry lobby in Washington. “The question is, will consumers buy them?”

The talks have heated up and will continue through the summer, with the proposed new standard expected in September and completed early next year after public hearings.

The auto companies are asking the government to phase in the standard gradually, to allow credits for using certain technologies and fuels and to include a review period that could lower the target if it proves too costly, industry and government officials said. They are also seeking assurances that the government will help build the charging stations needed for electric and plug-in hybrid-electric vehicles, which will help to meet the new standard.

A senior administration official, insisting on anonymity because the negotiations were continuing, said the 56.2 m.p.g. goal represented the government’s opening bid, and might not be the final figure. The official said there was still some disagreement within the government, and the final outlines are far from certain.

The United States has the world’s most lenient vehicle emissions and mileage standards, lagging as much as 10 m.p.g. behind the rest of the world. Europe is expected to reach about 60 m.p.g. by 2020.

The official added that arriving at a new mileage rule was particularly difficult because the auto industry has not yet fully recovered from the recession and the government was trying to force technological change more than a decade in the future.

On that, industry and government agree.

“It is very challenging,” Mark Reuss, president of General Motors North America, said of the 56.2 m.p.g. goal at a press event in Detroit last week. “But it’s up to us as engineers to provide high value to the

customer and support the environment.”

The auto companies and the government are returning to a familiar battleground, which the industry dominated for three decades beginning in the 1970s, using its clout on Capitol Hill and within the federal bureaucracy to keep fuel economy standards low.

But two years ago, when Chrysler and General Motors were clinging to life and the rest of the industry was slumping, carmakers agreed to **aggressive new nationwide fuel economy standards** covering the years 2012 to 2016. That deal, announced by President Obama in May 2009 as a dozen auto executives looked on, raises the domestic car and light truck fleet fuel economy to 35.5 miles per gallon by 2016.

Now, the government wants to extend that mandate nine years, but is confronting a much healthier and feistier industry.

The lobbying is already in full swing. The auto companies are seeking a standard at the lower end of the range proposed by the government, citing studies that say that meeting the stiffer regulation will add thousands of dollars to the cost of a new vehicle and require a significant downsizing of vehicles in all classes.

They also want certainty that there will be a single national standard and that California will not be permitted to pursue a tougher standard on its own.

“To reach a 56 m.p.g. standard would mean a tremendous shift in the types of vehicles consumers buy,” the National Auto Dealers Association said in a statement. The group said that hybrids and plug-in electric vehicles now account for less than 3 percent of the domestic market, while meeting the new standard could require the fleet to be more than 50 percent hybrid or electric, an assertion disputed by advocates of the new rule.

The new, more conservative Congress is clearly not inclined to support intrusive federal regulation of a vital American industry, but it is really not a party to the negotiations.

“The auto companies went along with the first round begrudgingly,” said Roland Hwang, transportation program director at the Natural Resources Defense Council. “Two companies were in bankruptcy and the industry had lost credibility and a lot of political capital in Washington. Now they know a second round is going to happen, but their goal is to make it as weak as possible.”

It is possible that the top-line mileage figure will be at or near the administration’s bid of 56.2 m.p.g., but that could mask a number of adjustments and loopholes, environmental advocates contend.

Car companies could receive credit for using low-polluting air-conditioner refrigerants, building cars that can run mainly on biofuels, putting solar panels on cars to provide cooling power and other technological gimmicks.

“The companies want the lowest number and all the flexibility mechanisms underneath it,” said Brendan Bell, a transportation analyst at the Union of Concerned Scientists. “What matters to us and to other environmentalists is how much oil does it save and how much pollution does it avoid. We need a strong number and a program with integrity.”

The proposal is being developed by the Environmental Protection Agency, the National Highway Traffic Safety Administration and the California Air Resources Board, which has led the nation in setting tough standards.

Heather Zichal, a White House policy adviser on energy and environmental issues, said fuel economy standards were among the most effective ways to cut emissions and reduce oil imports, top priorities of the president.

“The administration’s commitment to fuel efficiency standards is a critical part of the president’s goal of decreasing oil imports by a third by 2025, helping to insulate American families from the ups and downs of gas prices, while also creating and saving jobs in the American auto industry,” Ms. Zichal said.

Bill Vlasic contributed reporting from Detroit.



More in Energy & Environment (7 of 26 articles)

OPEN

U.S. Airlines Challenge European Emissions Rule

[Read More »](#)