

# Automotive News

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## Check the record: Automakers do support better fuel economy



MITCH BAINWOL

Mitch Bainwol is CEO of the Alliance of Automobile Manufacturers.

Automakers have announced ambitious plans to bring even more electrified models to market. We are driving the marketplace, not reacting to it.

In today's highly charged political environment, sensationalism and ideological agendas routinely warp reality when it comes to auto policy. Fuel economy is a case in point, and it is sadly all too common to see commentary distorting the views of automakers.

First and foremost, automakers support continued improvements in fuel economy. We support a negotiated settlement with California. And we continue investing billions in zero-emission alternative powertrain technology.

If anything, we are ahead of the market, which has been slower than politicians to embrace electrification. The 12 automakers I represent at the Auto Alliance are making vehicles that are measurably safer, cleaner and more efficient than ever before. Ours is a high-tech success story, pure and simple.

Consumers today can go to their local dealerships and select from about **500 models** that achieve 30 mpg or more on the highway. There are 45 hybrid-electric models on sale, and 58 plug-in electric and hydrogen fuel cell models available. Automakers have announced ambitious plans to bring even more electrified models to market. We are driving the marketplace, not reacting to it.

The journey for greater fuel economy — and less carbon emissions — has no end date. We will continue to reach significant fuel economy gains that transcend the Obama administration rules. The only issue is when.

### Marketplace factors

At the end of the day, our business is about turning over the fleet and selling cars, propelling what we call the "virtuous cycle" where sales of new vehicles provide multiple benefits to our

customers because today's cars have even more safety technologies, run cleaner and are more energy-efficient.

Some critics try to wish marketplace realities away. As our friends in the environmental community often remind us, fuel economy is a popular attribute that consumers seek. But the market shows that the majority of consumers prioritize affordability, safety and reliability even more when considering a new-vehicle purchase.

Pretending that the buying decision is one-dimensional ignores the fact that well-informed consumers make purchase decisions based on competing priorities.

Much has changed in the marketplace since 2012, when the Obama administration standards were unveiled. The expectations forged then about today's conditions were demonstrably off. Consider gasoline prices, the most important factor driving purchase decisions. In 2012, the projection was gasoline would cost \$3.60 a gallon in 2018. Today the price per gallon **averages \$2.51**, or 30 percent lower than anticipated. As a result, the take rate on hybrids and electrics has been far lower than anyone hoped for or imagined.

What about fleet mix? We all know that cars are down and trucks are up – by a lot. In 2012, cars were projected to make up 65 percent of the fleet in 2018, with trucks at 35 percent. Reality proved far different, with trucks at 52 percent, based on the government's classifications, and cars at 48 percent – and still falling.

Add it all up and it means that at least in the short term, adjustments in the Obama-era fuel economy standards are necessary to sustain a strong marketplace that provides the fleet turnover and employment that Republicans and Democrats support.

But smart and appropriate adjustments to the standards shouldn't result in a split system. The commitment to One National Program unifies all the companies in our industry.

### **Workable compromise**

We share the environmental idealism of California and the economic pragmatism of the administration in Washington.

Choosing one or the other is neither necessary nor prudent. It's a false choice. Somewhere between the two is a workable compromise that appropriately balances both of these crucial obligations.

Compromise isn't a dirty word. It results in more carbon reduction and lower regulatory costs than a split system. As a result, we do a better job addressing the climate challenge and

keeping cars affordable.

Compromise also is a reflection that in real life, our issues are complicated and multidimensional. And compromise equals legal and regulatory certainty.

That's good for an industry that requires long product cycles. It's good for an administration that cares passionately about the economic success (read "jobs") of our sector. And it's good for California, because it would protect that state's interest in environmental leadership.

The politics of fuel standards is challenging, but if ever there were a time to put politics aside, to tame the rhetoric and to show some flexibility for a common-sense solution for everyone, it is now.

Inline Play

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