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Obama: Fuel economy deal a template for debt talks

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President Barack Obama drew parallels between the debt showdown in Congress and a landmark agreement his administration has reached to ramp up fuel economy standards.

Flanked by 11 auto executives and a display of some of the most cutting-edge vehicles on the road (or soon to be), Obama said that the industry's decision earlier this week to accept a 54.5 mpg CAFE limit underscores how hard bargains are won.

"This agreement ought to serve as a valuable lesson for leaders in Washington," Obama said at the Washington Convention Center Friday morning. "This agreement was arrived at without legislation. You are all demonstrating what can happen when people put aside differences.

"These folks are competitors — you've got labor and business — but they decided we're going to work together and achieve something important and lasting for the country," the president added.

Obama's team, led by former White House car "czar" Ron Bloom and EPA and Transportation Department officials, spent months in closed-door talks with the major auto companies, California officials and labor and environmental groups before coming up with the latest fuel economy agreement.

Under their plan, which still must go through a lengthy public comment period and an Office of Management and Budget review, cars must increase fuel economy 5 percent per year from 2017 to 2025. Light trucks must make a 3.5 percent annual increase through 2021, and then improve by 5 percent per year after that.

Auto industry officials wedged a number of flexible compliance options into the package, prompting complaints from environmentalists who wanted a 60 mpg limit. But the concessions ultimately secured sign-off from Ford, General Motors, Chrysler, Hyundai, Honda, Toyota, Volvo, BMW, Jaguar, Mazda and Nissan.

In his remarks, Obama singled out GM, Ford and Chrysler for a "special tribute" following their near collapse.

"It was a little more than two years ago that many doubted whether these companies would still be around, much less moving forward and leading the kind of change that we're seeing," Obama said.

The president also highlighted reductions in greenhouse gases and cost savings from using less gas.

"This agreement on fuel standards represents the single most important step we've ever taken to reduce our dependence on foreign oil," he said. "Think about that."

Leading House Democrats and most mainstream green groups have begrudgingly accepted the CAFE deal while still making it clear they're not thrilled with "loopholes" carved out by automakers.

"I think that this is again very significant, especially in light of the fact that all of the automakers are here," House Minority Leader Nancy Pelosi, one of a handful of Democrats in attendance, told reporters. "I don't know how many of them would have been here at 60 miles per gallon, but this is great."

No Republican lawmakers were in attendance. The White House issued a statement to reporters saying Michigan Rep. Tim Walberg was at the event, but Walberg's office says the congressman wasn't there.

"As Biden would say, this is a big f---in' deal," said Gene Karpinski, the president of the League of Conservation Voters.

Joe Mendelson, director of global warming policy at the National Wildlife Federation, said the fuel economy agreement — Obama's second big CAFE announcement in less than three years — is a tangible outcome from the Supreme Court's 2007 ruling that greenhouse gases are pollutants subject to regulation under the Clean Air Act.

"It is great to see the culmination of that lawsuit, seeing the court ruling put into actual practice," said Mendelson, an environmental attorney who prompted the original litigation in 1999 at the end of the Clinton administration. "This is an example of how the Clean Air Act works."

But Obama also has his share of critics.

The Center for Progressive Reform posted a blog asking why Obama was trumpeting a deal that still hasn't gone through the legal administrative process, including OMB review and public comment.

"The concessions the auto industry reportedly secured in the deal with the White House — a carve-out for pickup trucks and a review of the technology and economics assumptions in 2018 — are exactly the kind of issues the automakers should suggest to the agencies as part of the comment process," Amy Sinden and Lena Pons wrote in a blog post. "These are decisions for the experts running the agencies, not political compromises doled out by the White House."

Conservatives found fault with the deal, too.

"This will take away consumer choice and force all but the wealthiest drivers into small, underpowered death traps," said Sterling Burnett, a senior fellow at the National Center for Policy Analysis.

Former George W. Bush White House spokeswoman Dana Perino took to Twitter with her complaints. She wrote: "Today seems like an excellent day to announce dramatic, unattainable hikes in fuel economy standards as that'll really goose the GDP. #Not."