Congress of the United States
Washington, DC 20515

July 21, 2011

The Honorable Barack Obama
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

We write to you today on the issue of a single national program for vehicle fuel economy and greenhouse gas emissions for model years 2017-2025. This issue, if handled in the wrong way, would have a negative effect on our economy, stalling our economic recovery, and would result in critical American job losses with no benefit to the environment. The Center for Automotive Research recently published a report, based on data from the National Academy of Sciences, which suggested that overly stringent standards would cost approximately 260,000 jobs and add $10,000 to the cost of a new vehicle. An unsound program would both negatively impact U.S. jobs and drive consumers to used car lots for vehicles that are less fuel efficient, which would be a loss to environmental progress.

We are deeply concerned that the Administration's "starting" proposal of a five percent annual increase for cars and light trucks – to reach a goal of 56.2 miles per gallon in 2025 – is overly aggressive and not reasonably feasible. Such a proposal would push beyond the limits of reasonably feasible technology development and would have significant negative ramifications for U.S. jobs and competitiveness. Technology and economics must reasonably support the targets and goals for fuel economy improvement and greenhouse gas emissions reductions, and we are concerned that the Administration's current approach is not leading in that direction. With that in mind, as members of the Michigan delegation, we want to bring to your attention several issues of concern in the ongoing discussions and suggest an approach to help bring the parties to an agreement.

We understand that the Administration is now considering a 3.5 percent annual increase for light duty trucks for 2017-2021 and is working with the auto manufacturers to determine what flexibilities would be required to achieve that target. We also understand that the Administration is considering the possibility of a different approach for certain work trucks. While we appreciate the Administration's efforts to understand the auto manufacturers' future product plans, to understand the constraints the companies would face in meeting aggressive targets, and to offer credits and flexibilities to help with compliance, we believe that the overall targets currently proposed may exceed what is technologically achievable for the U.S. automakers that produce and sell the majority of the larger pickup trucks and sport utility vehicles that U.S. families and businesses – and tens of thousands of autoworkers – depend upon.

More significantly, we are concerned that the Administration's current approach for light duty trucks may have a discriminatory impact on these U.S. manufacturers. An approach to higher fuel economy that relies on the generation of credits from other than truck classes to reach compliance is not sustainable over the long-term and could have detrimental effects on U.S. automakers by expanding the gap between the regulatory requirements and what is technologically and economically achievable. This approach will put an increasingly heavy burden on U.S. auto manufacturers, who already must rely on credits earned for high fuel economy passenger cars to reach the aggressive fuel economy targets for light duty trucks in the regulatory requirements for model years 2012-2016, and may prevent them from selling these larger vehicles that U.S. consumers want to buy. Meanwhile, manufacturers that produce primarily smaller vehicles will have an unfair competitive advantage and will still be able to sell these larger vehicles that are no more fuel efficient. In other words, this has the potential to negate the significant reforms achieved by the Congress in 2007 that eliminated the discriminatory features of the old corporate average fuel economy (CAFE) system.

We are also deeply concerned about the Administration's plans for model years 2022-2025. As you know, the proposed standards cover a time horizon that is unprecedented in the history of fuel economy rulemaking. The *initial* year of the new standards is five model years away, and the endpoint stretches nearly fifteen years into the future. No previous fuel economy rulemaking has exceeded five model years or had a starting point so far into the future. That is why Congress has limited the authority of NHTSA to set fuel economy standards to no more than five model years at a time - in this case, 2017-2021. The purpose of the five-year limitation was to prevent standards being set too far out into the future, based on speculation or unreliable market and technology projections including the cost of technology, the cost of fuel, and consumer acceptance. Some of the undersigned question EPA's authority to regulate motor vehicle fuel economy, directly or indirectly. However, if that authority is accepted, we believe that the same limitation of five years is appropriate for EPA regulation of greenhouse gas emissions.

At a minimum, if the White House insists upon setting standards for 2022-2025, those standards should *only* go into effect if a mid-term review confirmed that the underlying assumptions were met and should specify that, in the absence of that confirmation, both agencies would commence a new rulemaking for that period. The burden of proof should be on the longer period – not the shorter one. Furthermore, there must be a clear mechanism for ensuring that any EPA regulations that go into effect are coordinated with the NHTSA rulemaking process and harmonized to continue a single national program for 2022-2025. Similarly, allowing California to be able to wield undue influence is simply not acceptable. Finally, we believe that the mid-term review should include a comprehensive joint agency assessment of the auto manufacturers' experience with the 2012-2016 and 2017+ rules to date at the time of the review to determine whether there have been any problems or concerns that would suggest a need for mid-course adjustments.

We need a balanced approach to fuel economy regulation with reasonable and achievable targets that will reduce our consumption of oil and greenhouse gas emissions while preserving U.S. jobs and promoting U.S. manufacturing. We do not believe the Administration's current proposal will achieve that balanced approach and believe instead it could have a detrimental effect on the U.S. economy. We urge you to consider further the Administration's thinking in these areas – with special focus on the two issues we have raised – and consider carefully the potential impact on U.S. jobs and U.S. manufacturing.

As a delegation, we bring to the table a range of views on this issue. However, with the Michigan unemployment rate standing at 10.5 percent, we are unanimous in our concern about the consequences of an excessive proposal, and we urge you to continue to work closely with U.S. manufacturers who have the most at stake. In that regard, we urge the Administration to sit down promptly and at one time with all three domestic auto manufacturers and the United Auto Workers to work through an acceptable solution to these issues.

Sincerely,

Debbie Stabenow
United States Senator

Fred Upton
Member of Congress

Dale Kildee
Member of Congress

Mike Rogers
Member of Congress

Carl Levin
United States Senator

John D. Dingell
Member of Congress

Dave Camp
Member of Congress

Sander Levin
Member of Congress

Candice Miller
Member of Congress

Gary Peters
Member of Congress

Thaddeus McCotter
Member of Congress

Justin Amash
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Tim Walberg
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Bill Huizenga
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Dan Benishek, M.D.
Member of Congress