

US opens probe of 4 automakers over California emissions pact

September 7 2019, by John Biers



A deal announced in July increases fuel economy standards on autos sold in California; these conflicted with a White House plan to freeze mileage standards

The US Department of Justice is probing California's agreement with four automakers on fuel efficiency standards, automakers said Friday,

while the Trump administration called on the state to spike the mileage plan.

The developments together escalate a burgeoning conflict over environmental laws between Washington and California, the nation's biggest economy.

A July agreement between the state and the four automakers circumvented US President Donald Trump's efforts to weaken the strict fuel economy standards enacted by his predecessor Barack Obama.

The California policy requires new cars to meet a standard of 50 miles per gallon, (4.7 liters per 100 kilometers), up from the current 37 mpg, by 2026.

The move was broadly consistent with a cornerstone of Obama's climate change strategy and was initiated by the state in response to the Trump administration's efforts to reverse the Obama policy.

California has a federal waiver that permits it to enact stricter tailpipe standards, thereby limiting the types of cars that can be sold in the nation's most populous state. California is also aligned with about a dozen other states that likewise prefer [stricter emissions standards](#).

Of the four companies involved, BMW, Ford and Honda confirmed receiving inquiries from the Department of Justice. A Volkswagen spokesman declined to comment.

The Alliance of Automobile Manufacturers, a trade group, has complained the original Obama standards were overly strict but has warned that protracted litigation could threaten the industry, which relies on long production cycles.

The Justice Department sent letters to the four companies within the past two weeks, according to The Wall Street Journal, which first reported on the probe.

Officials are concerned the agreement with California was negotiated in the fashion of a cartel and could limit competition, The Journal said.

The Justice Department did not respond to a request for comment.

California Governor Gavin Newsom called the probe "blatant political interference," taking a swipe against Trump on Twitter.

"He can't beat China so he's acting like them—using his bureaucracy to attack our private industries," Newsom said. "CA will not be threatened."

On notice

News of the investigation came as the US Environmental Protection Agency and Department of Transportation sent a letter to the California Air Resources Board putting the state on notice over the July agreement.

"Given the importance Congress placed on the authority of DOT and EPA for motor vehicle fuel economy and nationwide vehicle emissions standards under Federal law, we urge you to act immediately to disassociate CARB from the commitments made by the four automakers," said the letter.

"Those commitments may result in legal consequences given the limits placed in Federal law on California's authority.

Newsom defended the state's fuel economy policies on Twitter.

Reversing the state's emissions policies would cost \$400 billion, require burning 320 billion more gallons of oil, squeeze consumers, degrade air quality and endanger public health, he said.

"All to force a deal carmakers don't even want? Fine. Then we'll see him in court."

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