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US to propose mpg rules freeze at 2020 levels: sources

U.S. regulators are poised to propose a freeze on fuel-efficiency standards at 2020 levels, according to two people familiar with the plan, which would erode an ambitious Obama-era initiative to curb planet-warming greenhouse gases.

A draft of the proposed rule, still being developed, outlines eight scenarios for replacing the Obama administration requirements that aimed to slash carbon dioxide emissions from cars and light trucks, said two people who asked to speak anonymously because the deliberations are private.

The Environmental Protection Agency and the National Highway Traffic Safety Administration, which are developing a proposal for the White House, will offer a range of options, the people said, adding that the agencies will recommend one that would freeze the target for 2020 through 2026.

The preferred option was reported earlier by the Los Angeles Times.

The EPA disputed that the agencies were proposing a freeze, citing ongoing discussions.

"The agency is continuing to work with NHTSA to develop a joint proposed rule and is looking forward to the interagency process," Liz Bowman, an EPA spokeswoman, said in an email. Representatives for the NHTSA had no immediate comment in late April.

Adopting the proposal would reduce federal vehicle efficiency standards for cars and light trucks from levels enacted in 2012 by the Obama administration. Those aimed to boost fuel economy to a fleet average

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Illinois, 16 other states sue over 2022-2025 mpg rules

Illinois and 16 other states are suing the Trump administration over its effort to overturn stringent gas mileage rules that would have required automakers to produce car fleets that averaged over 50 mpg by 2025. In doing so, they're setting up a major fight that could split the nation's auto industry into two regions with distinct emission rules.

The lawsuit, filed in the U.S. Court of Appeals for the District of Columbia Circuit and spearheaded by California Attorney General Xavier Becerra, alleges that that the U.S. Environmental Protection Agency's effort to roll back the stringent gas mileage rules that were adopted by former President Barack Obama's administration is "unlawful."

Becerra was joined by his counterparts from Connecticut, Delaware, Illinois, Iowa, Maine, Maryland, Massachusetts, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington and the District of Columbia.

Minnesota also joined the lawsuit through its Pollution Control Agency and Department of Transportation.

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Dale Pollack to keynote CATA Bootcamp, workshop

Barbecue for Troops preview also a focus

All CATA dealers are invited to a special dealership marketing event on May 17 at the association's Oakbrook Terrace office. Starting at 9:30 a.m., the free half-day workshop will feature a keynote address by vAuto founder Dale Pollack.

Also on the schedule is an in-depth look at the state of digital and social media marketing, a kickoff and collateral pickup for the USO Barbecue for the Troops, and a hearty BBQ lunch provided by Real Urban Barbeque.

Pollak will present "A Pragmatic View of Margin Compression and Mobility Convergence." As dealers feel the pinch of margin compression and the rise of

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Decline of small cars merely a return to the norm? Maybe not

To paraphrase Mark Twain, reports of the death of small cars have been greatly exaggerated.

The surging popularity of SUVs — along with news that Chevrolet will ax the subcompact Chevy Sonic and Ford will drop its Fiesta from the U.S. market — has led to speculation that small cars are an endangered species.

The moves seem to accelerate a trend started two years ago by Fiat Chrysler Automobiles NV, when production of its two smallest sedans, the Chrysler 200 and Dodge Dart, was discontinued.

But industry executives and analysts say the small car market is actually returning to historical norms after an unusual period when manufacturers expanded small-car lineups in anticipation of rising demand fueled by rising gas prices. Those have since eased — and are expected to stay that way.

The stalling sedan market is forcing automakers to re-evaluate the segment, but that doesn't always require axing nameplates: GM is cutting yet another shift at its Cruze plant in northeast Ohio, leaving just one shift building Lordstown's only car.

Cruze and its endangered sibling, the Sonic, aren't quite as crucial to Chevrolet as they once were. But selling sedans isn't just about volume and market share, said Steve Majoros, Chevrolet's marketing director for cars and crossovers.

"If you think about the role cars play in overall full-line manufacturers' portfolios, these certainly help us with loyalty and conquest," he said at a dealer event in Las Vegas last month. In addition to offering a wider array of "use cases" in the portfolio, sedans act as ambassadors to the brand.

"Vehicles like Trax have been a great success story for us because a lot of Trax sales come from people who are currently in passenger cars but are migrating through the portfolio," Majoros said, referring to Chevrolet's smallest SUV.

Veteran Kelley Blue Book auto analyst Karl Brauer said that the next downturn will be unlikely to see much of a shift back to sedans from SUVs because the latter have made enormous gains in fuel efficiency by light-weighting their chassis and adopting smaller engines. For example, Ford's India-built Ecosport — introduced this year as a small SUV — shares the same 1.0-liter, three-cylinder engine that once motivated the wee Fiesta.

"We would do better to get into a small SUV segment rather than" subcompact cars, said Jan Dickmann, U.S. boss of small cars for Volkswagen AG.

Over the last two years, the compact car market, traditionally the entry-level segment in the United States, has seen a surge in all-new vehicles, including the 2017 Honda Civic, 2017 Hyundai Elantra, 2017 Chevrolet Cruze, 2018 Toyota Corolla, and 2019 VW Jetta. Add to the list an all-new compact Focus to be assembled in China, which Ford announced last month.

"This has never been a good market for super-small cars," said Kelley Blue Book's Brauer. "Gas prices and a sluggish economy helped bring cars like the Smart ForTwo and Fiat 500 to market in the last decade, but now prices have returned to their historic lows in this country."

Japanese manufacturers made their mark here 50 years ago with compact cars such as Toyota's Corolla (introduced in 1968) and Honda's Civic (1973). Like Ford, Toyota did not commit its subcompact Yaris to the U.S. market until 2012, while Honda's introduction of the subcompact Fit hit American shores just in time for record-high, $4.11 average gas prices in 2008. Since then, Fit sales have dropped nearly 40 percent to just 49,454 last year.

Other foreign manufacturers have never bothered to bring their mini-cars to the rich U.S. market, choosing instead to broaden their SUV offerings and build them increasingly in dedicated U.S. assembly plants.

Bootcamp

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autonomous driving and car-sharing services, they face an uncertain financial future. Pollak will highlight four key areas of inefficiency that dealers can address to remain viable and share how the coming challenges can be addressed.

The program will open with a coffee and pastry reception with CATA Approved Member Partners & Recommended Consultants and then progress with an in-depth look at digital and social media marketing and retargeting. After the Pollack presentation, the USO of Illinois will present an overview of best practices for dealers to host a USO Barbecue for the Troops event on July 14 and provide a pickup point for marketing collateral.

Space is limited; call the CATA at (630) 495-2282 to sign up for this event.

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The final drive against the CFPB's auto financing guidance

By Wes Lutz
2018 NADA Chairman

The National Automobile Dealers Association has long fought for our customers' right to save money during the auto financing process, and for dealers to retain the ability to discount credit. For years, we have worked hard to educate members of Congress on how our business operates, and how dealer-assisted financing benefits consumers, not harms them. This education and re-education has paid off.

The U.S. Senate on April 18 passed Special Joint Resolution 57 — thanks in large part to your efforts. The resolution, introduced by Sen. Jerry Moran, R-Kansas, rescinds the Consumer Financial Protection Bureau's flawed 2013 indirect vehicle financing guidance.

The U.S. House is scheduled to consider S.J. Res. 57 the week of May 7, and President Trump has said that he looks forward to signing the resolution into law.

My fellow dealers, we are on the two-yard line. And if we can get the ball across the goal line, our efforts to finally rescind this deeply flawed and anti-consumer CFPB guidance will have at long last have paid off.

But we're not in the end zone yet. Opposition interest groups have — falsely — taken the position that this resolution would set a precedent that could be used to repeal decades of federal rules and regulations. And they will stop at nothing to prevent this resolution from being enacted. They have even dusted off their old playbook of trying to paint all auto dealers as working against customers based on their background.

Of course, we know that such a charge is as shameful as it is ridiculous. But it must make for good politics, and we must redouble our efforts.

That is why your help is once again so urgently needed. We need every dealer to contact his or her Representative and remind them that in November 2015, 332 members of Congress — including 88 Democrats — voted in favor of H.R. 1737 to repeal the CFPB's flawed auto financing guidance, and in doing so voted to preserve important auto loan discounts for their constituents.

We need you to explain that this resolution simply continues the bipartisan effort that began years ago to keep auto loans affordable and accessible for all consumers. It also holds the CFPB accountable and mandates that it provides an open and public process before trying to upend fair credit and consumer affordability.

Many members of Congress saw through the CFPB's actions as a roundabout attempt to regulate dealers even though we received exemption from the agency's jurisdiction since there was bipartisan concern that additional costly and unnecessary regulation would hinder auto loan availability. Enactment of S.J. Res. 57 would prevent this attempt at regulatory overreach in our industry's future. That's not just good politics, it's good policy.

Dealers owe a debt of gratitude to Sens. Moran and Pat Toomey, R-Penn., for introducing S.J. Res. 57, as well as to Rep. Lee Zeldin, R-N.Y., who introduced companion legislation in the House. The NADA will do our part to urge House members to vote for the Senate-passed bill, S.J. Res. 57, to disapprove the CFPB's auto financing guidance, so that we can preserve, once and for all, consumer access to affordable auto credit.

Finally, I'd like to commend our strong grassroots network and fellow NADA board members and state association executives who have worked tirelessly to reach out to key legislators and explain how auto financing works and how often it serves our customers in the car-buying process to get better finance rates than they could get on their own. Let's band together again: Don't let up the fight; this is too important.

The NADA looks forward to keeping auto financing convenient and competitive for all consumers.

Backup cameras now required to be in new cars sold in the US

New cars sold in the U.S. now must have backup cameras to help drivers avoid accidents.

A federal regulation that took full effect May 1 requires the rearview cameras and video displays on new models.

Safety advocates say the cameras help prevent accidents in which pedestrians — often children — are run over because a driver can't see them.

The rule mandates that all vehicles under 10,000 pounds include a backup camera that can show a 10-foot-by-20-foot zone behind the vehicle, with which most modern backup cameras comply. The agency estimates that its mandate adds about $40 to the price of new vehicles that already include a center display and about $140 to the price of cars that don't.

The cameras have reached widespread acceptance even without the NHTSA mandate. According to the agency, nearly three-quarters of vehicles had them by early 2018, even without the requirement.

Congress passed a law in 2008 requiring regulators to enact measures requiring the adoption of technology to greatly improve rearview visibility. Backover crashes kill more than 200 people annually and injure more than 12,000.

Lawsuit

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Becerra said May 1 that the states which are filing the lawsuit represent more than 40 percent of the nation's auto market.

"The evidence is irrefutable: Today's clean car standards are achievable, science-based and a boon for hardworking American families. But the EPA and Administrator Scott Pruitt refuse to do their job and enforce these standards," Becerra said in a statement. "Enough is enough. We're not looking to pick a fight with the Trump administration, but when the stakes are this high for our families' health and our economic prosperity, we have a responsibility to do what is necessary to defend them."

The EPA declined to comment.

California has been threatening to sue the Trump administration over the gas mileage rules since EPA Administrator Scott Pruitt announced in early April that he was reversing the Obama administration's decision to finalize the mileage rules, known as Corporate Average Fuel Economy standards. Pruitt said then the Obama-era mileage rules, which originally covered the model years between 2017 and 2025, are "not appropriate and should be revised."

California sets its own emissions standards under a waiver included in the 1970 Clean Air Act. A dozen other states have adopted the California rules, accounting for one-third of the U.S. auto market.

A proposal that's reported to be floated by the Trump administration would freeze the mileage rules at the 2020 level through at least the 2026 model year. The new rules would also preempt California and other states that have voluntarily set higher mileage standards.

Environmental groups in Washington cheered the filing of the lawsuit.

"The Trump administration's plan to roll back our clean-car and fuel-economy standards will produce regulatory pandemonium, not regulatory certainty, for America's auto industry," said Luke Tonachel, director of the Natural Resources Defense Council's Clean Vehicles and Fuels Project. "NRDC stands with California and the other states representing 140 million Americans in challenging this brazen attempt to gut standards that safeguard our health and our climate and save consumers billions of dollars at the pump."

The fuel-economy rules at issue were enacted in 2012 and began taking effect with the 2017 model year. They called for ramping up from the current fleet-wide average of about 35 mpg for cars and trucks, to more than 37 mpg in 2019 and nearly 39 mpg in 2020. The eventual goal of between 50 and 52.6 mpg was set for 2025.

The CAFE rules, intended to reduce dependence on foreign oil and reduce greenhouse gases, were put in place by the Obama administration when gas prices topped $4 a gallon. Automakers have since argued that the rules are too stringent, and drivers have demonstrated in recent years that they are less interested in fuel-efficient cars and electric vehicles with gas prices that now are about $3.

Democrats in Congress have assailed the rolling back of standards as a sop to automakers who have complained about the escalating mileage rules.

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of about 39 mpg in 2020 and more than 50 mpg by 2025.

The Trump administration said last month that the Obama standards were too stringent and needed to be revised. Regulators at the Transportation Department and EPA have been huddling for weeks on the proposal, trading drafts of language before submitting it for review by the White House Office of Information and Regulatory Affairs. It could be submitted within days, the people said.

In addition, the administration is considering whether to eliminate California's unique authority to set its own auto efficiency standards that exceed those of the federal government, though a decision has not yet been made, the people said.

Repealing California's authority would lead to a major political and legal fight with the nation's most populous state, which has vowed to defend its standards against a Trump-led rollback. The state has its own car and truck efficiency standards that are aligned with federal rules in place through 2025, an arrangement reached during the Obama administration and with the support of nearly all major automakers.

"The Trump administration's plan would rob Americans at the gas pump and risk our children's health by polluting the air we breathe," California Attorney General Xavier Becerra said in a statement. "We'll closely monitor any developments and I'm ready to take any and all action necessary to defend our progress," he added.

A Clean Air Act waiver has given California unique authority to set its own clean-air rules since 1970. A dozen other states follow California's emissions rules and together account for about one-third of American auto sales.

EPA Administrator Scott Pruitt told a House committee on April 26 that the agency has no plans "at present" to revoke California's authority.

"We are not aware of any official proposal," said Stanley Young, a spokesman for the California Air Resources Board. Such a move would "severely disrupt the U.S. auto industry, compromising its ability to succeed in a highly competitive global market that increasingly values innovative and efficient technologies."