

California Clean Cars Campaign

Global Warming Solutions for a Healthy California

www.calcleancars.org

Automakers vs. California

In September 2004, California passed a landmark regulation requiring a 30 percent reduction in greenhouse gas emissions from cars and light trucks by 2016. Automakers filed suit that December, claiming that the state was illegally regulating vehicle emissions of carbon dioxide. Despite broad support for tailpipe standards¹ in California, automakers and industry representatives are trying to dilute its appeal by exaggerating costs to the state and its residents. They say the new standards are impossible to meet without sacrificing safety and power, but admit the technology is available should they be forced to comply.

INDUSTRY SAYS

“Complying with the rules would require an overhaul of auto production.” –**John Cabaniss, Jr., director of environment and energy, Association of International Automobile Manufacturers, 9/04²**

The regulation outlines a theoretical vehicle never before built, and the automobile envisioned by regulators would not achieve the expected fuel efficiency. –**Alliance of Automobile Manufacturers press release, 12/7/04³**

“There is a huge gap between what can feasibly be accomplished today and what the [CARB] staff has proposed.” –**Dave Barthmuss, spokesman for General Motors, 7/27/04⁴**

INDUSTRY CRITICS SAY

“We’re just a bunch of students. If we can build this with off-the-shelf technology, they can too - and do things better than what we do. If they really were interested in doing something in the short term, they could do it.” –**Andrew Frank, professor of engineering, University of California at Davis, 1/27/05⁵**

“Our research shows that a new fleet using technology some cars already employ could cut global warming pollution by 20 percent while saving California drivers more than \$2 billion.” –**Louise Bedsworth, Ph.D., senior analyst, Union of Concerned Scientists, 4/19/04⁶**

“The auto industry’s own consultants acknowledge that the technology exists to cut global warming pollution substantially while cutting prices at the pump.” –**Roland Hwang, vehicle policy director, Natural Resources Defense Council, 4/19/04⁷**

Consumers Demand Cleaner Cars

After watching the rise in popularity of hybrid vehicles over the past five years, automakers and industry representatives are singing a different tune.

OLD TUNE

“All the historic market data says fuel efficiency is not that high up on people’s list of reasons to buy a vehicle.” –**Dave Hermance, chief environmental engineer, Toyota Technical Center USA, 6/27/04**⁸

“We monitor this very closely, and we have not seen any change in the market so far to indicate growing demand for these [fuel-efficient] vehicles.” –**Elizabeth Lowery, vice president for energy and environment, General Motors Corporation, 6/27/04**⁹

“What consumer wouldn’t balk at a \$1,000 price increase? Even if fuel economy improves, which I don’t think it necessarily will, consumers will look at the up-front cost of the car rather than projecting their fuel savings. Dealers will take a huge hit for an imperceptible benefit.”
–**Brian Maas, director of government relations, California Automobile Dealers Association, 9/04**¹⁰

“Consumers are in the driver’s seat. Many consumers don’t want to sacrifice performance, passenger room, cargo space, safety and even towing ability for greater fuel efficiency.”
–**Gloria Bergquist, Alliance of Automobile Manufacturers, 11/15/04**¹¹

NEW TUNE

“It’s a frenzy. What you’re seeing is a groundswell, not really of industry pushing as much as everybody demanding that we really get serious about these solutions...The market’s telling us something – they’re ready for this kind of stuff.” –**Mary Ann Wright, director of hybrid vehicle programs, Ford Motor Company, 1/11/05**¹²

“There is a huge wave of demand... We’re definitely turning the corner in terms of what’s accepted as cool. There’s a growing psychographic of people wanting do the right thing but who don’t want any sacrifice. They want performance without harming the environment.” –**Paul Daverio, advanced technology vehicles marketing manager, Toyota, 10/26/04**¹³

“Demand [for the hybrid] has been overwhelming. We’ve set records for the largest waiting list of any new car and far exceeded expectations.” –**Josh Monesson, sales and leasing consultant, Jim Falk Lexus, 9/20/04**¹⁴

“It is all going to boil down to what the consumer wants. We have to provide alternatives so that if consumers want them, we’ll have them.” –**Gary Cowger, vice president, GM North America, 1/7/05**¹⁵

Stagnant Sales

Desperate to recover profits, domestic automakers are driving sales of gas-guzzling trucks and SUVs with record high incentives. Meanwhile, hybrid buyers still wait six months and pay thousands over sticker price¹⁶ to get their clean cars.

AUTOMAKERS SAY

“Right now, the drive for more and more power in cars is way larger than the drive for more and more hybrids.” –**Bob Lutz, vice chairman, General Motors, 1/19/05¹⁷**

“Consumers consider fuel efficiency, but roominess, performance and cargo capacity are larger factors. If you step back and look at the industry, people are still buying large vehicles and large engines.” –**Greg Smith, president of the Americas for Ford Motor Company, 12/6/04¹⁸**

“If customers were interested in small vehicles, they’d be downsizing their houses, and a lot of other things. What sells is performance and what I would really call sex appeal. That’s the tried and true.” –**Scott Fosgard, General Motors spokesman, 10/26/04¹⁹**

INDUSTRY EXPERTS SAY

“When you start seeing advertising for Tahoes and Suburbans in Los Angeles, for example, where the discount is \$10,000 or \$12,000 off of sticker, somebody’s in trouble.” –**Art Spinella of CNW Marketing Research, 8/13/04²⁰**

Sales of SUVs have been declining since a peak of nearly 3 million units in 2000. SUV sales this year are tracking to fall at least 200,000 units short of 2000 levels. –**Ward’s Auto World, 10/1/04²¹**

“Detroit’s biggest fear is that consumers don’t want big SUVs anymore. Dealers have a 109-day supply on their lots and all of a sudden their bread-and-butter market may be going away.” –**Stephen Girsky, managing director, Morgan Stanley, 1/17/05²²**

Industry Contradictions

Automakers worldwide are racing to develop hydrogen technology – one of the more promising alternatives to dirty fossil fuels. But hydrogen technology is still years down the road. Auto companies that showcase these concept cars as the wave of the future do little to provide cleaner vehicle solutions today. This bait-and-switch strategy promises long-term results but avoids short-term action.

BAIT

“I think we’re on to the next big thing, which is hydrogen. And I think it’s incredibly exciting because it will eliminate any social liability with individual mobility.” –**Bill Ford Jr., CEO Ford Motor Company, 1/24/05**²³

“The [hydrogen-fueled] Sequel is the sequel to the first hundred years of automotive transportation. It will remove the automobile from the environmental debate.” –**Lawrence Burns, vice president for research and development, General Motors, 1/9/05**²⁴

“The auto industry has a responsibility to improve emissions and fuel consumption of its cars. We want to take the automobile out of the environmental equations. This [hydrogen fueled vehicle] will revolutionize the industry.” –**Rick Wagoner, CEO, General Motors, 1/11/05**²⁷

SWITCH

“Mass commercialization of hydrogen is maybe 20 years off.” –**Mary Ann Wright, director of hybrid vehicle programs, Ford Motor Company, 1/11/05**²⁵

“Hydrogen fuel cells are a lot further into the future. There has been a lot of press on fuel cells – that these are the vehicles of the future, but there are a lot of technical hurdles that have to be overcome.” –**Tim Wallington, research and advanced engineering scientist, Ford Motor Company, 1/17/05**²⁶

“Both range and performance are credible and prove we can make fuel-cell vehicles that people will want. But we still have to make them affordable. Hydrogen fuel cells are about 10 times too expensive now.” –**Chris Barroni-Bird, Director, General Motors Sequel project, 1/10/05**²⁸

¹ In July 2004, a poll conducted by the non-partisan Public Policy Institute of California found that 81% of state residents say they would back a state law requiring automakers to reduce the emission of greenhouse gases from new cars by the year 2009. Support for such a law is high across the political spectrum (Democrats 88%, independents 86%, Republicans 71%) and among SUV owners (77%). Public Policy Institute of California: *The Green State: Californians Want Environmental Protection Despite Economic, Financial Costs*, July 2004

² American International Automobile Dealers Newsletter: *Ignition*, Vol. 1, Issue 7, 9/04

³ Alliance of Automobile Manufacturers Press Release: *Automakers and Dealers Cite Federal Law, Marketplace Principles in Challenging Carbon Dioxide Law*, 12/7/04

⁴ Washington Post, *California’s CO2 Plan Worries Automakers*, 7/27/04

⁵ Christian Science Monitor: *Hybrids? Some opt to go all-electric*, 1/27/05

⁶ Union of Concerned Scientists report, *Climate Control: Global Warming Solutions for California Cars*, 4/19/04

⁷ Associated Press, *Technology should drive global warming standards, report says*, 4/19/04

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- ⁸ Los Angeles Times: *The Oil Factor Wanes; Big Autos' Big Profits Make a Shift Unlikely*, 6/27/04
- ⁹ Los Angeles Times: *The Oil Factor Wanes; Big Autos' Big Profits Make a Shift Unlikely*, 6/27/04
- ¹⁰ American International Automobile Dealers Newsletter: *Ignition*, Vol. 1, Issue 7, 9/04
- ¹¹ Associated Press: *Colorado's soft energy pathfinder: Who needs oil anyway?* 11/15/04
- ¹² Washington Post: *No gasoline required*, 1/11/05
- ¹³ San Francisco Chronicle: *The gamble for Detroit*, 10/26/04
- ¹⁴ Los Angeles Business Journal: *Consumers showing patience for rollout of hybrid models*, 9/20/04
- ¹⁵ United Press International: *Auto shows expand green appeal*, 1/7/05
- ¹⁶ Reuters: *Prius hot item on eBay*, 9/7/04
- ¹⁷ Chicago Tribune: *Need for Speed*, 1/19/05
- ¹⁸ Automotive News: *Gas Pains*, 1/6/04
- ¹⁹ San Francisco Chronicle: *The gamble for Detroit*, 10/26/04
- ²⁰ Reuters: *SUV sales show signs of weakness in sector*, 8/13/04
- ²¹ Ward's Auto World: *R.I.P SUV?* 10/1/04
- ²² TIME Magazine: *Is Small the Next Big Thing?* 1/17/05
- ²³ USA Today: *Top auto executives answer 3 burning questions*, 1/24/05
- ²⁴ New York Times: *George Jetson, Meet the Sequel*, 1/9/05
- ²⁵ USA Today: *Alternative-fuel vehicles star, but wide use is miles away*, 1/11/05
- ²⁶ United Press International: *Climate: Ford faces the future*, 1/17/05
- ²⁷ Christian Science Monitor: *That '70s auto show: Fuel economy is back*, 1/11/05
- ²⁸ Chicago Tribune: *GM's fuel-cell cars still face obstacles*, 1/10/05