

DETAILS ON THE NEW FUEL EFFICIENCY STANDARDS

Okay, the White House had a briefing on their vastly improved new fuel efficiency standards. Basically, what they've done is get everyone (the companies, the states that wanted higher standards, and the EPA) to agree to one nationwide standard that will be in effect through 2016. And in exchange, CA will drop its push for its own state standards and the standards will be slightly postponed (though the outcome by 2016 will be roughly the same).

That's the overview. Unfortunately, I didn't get to ask,

I can't help but notice that GM plans to import Chevy Sparks according to the same schedule (2012 to 2016) that the Administration's new fuel efficiency standards go into place. Did the Administration and GM ever talk about the efficacy of importing cars from China to bring up fuel efficiency?

Instead, a bunch of TradMed reporters (albeit smart ones who know about the auto industry) got the questions.

So here's the big news.

This is not CAFE standards, as we know it. That is, the new standards (to be released tomorrow) are not one number across the entire fleet (something which forces companies to sell cheap efficient cars that their dealers don't want). Rather, the standard has an overall fleet average (35.5 MPG by 2016), with segment MPG limits (as a guess, small cars like the Fiesta and the Fit will be expected to make 40 MPG or more), along with a specific target **for each manufacturer**. Which will, overall, get us to 35.5.

And no, I don't know what happens if demand for different segments change over time (that would have been my second question).

That said, this is smart because it forces auto manufacturers to increase efficiency on all cars, not just small cars that no one wants.

The cost of this, btw, will be \$600 per car over what CAFE standards already require (which will itself cost \$700). So expect the price of cars, in an already devastated industry, to go up.

And, finally, the stats. This works out to:

- 5% per year increase in fuel efficiency
- An increase from 25 MPG fleet average to 35.5 MPG fleet average
- 1.8 billion barrels of oil saved
- A reduction of 900 million metric tons of carbon dioxide in the atmosphere
- The equivalent of 177 million cars off the road—or 194 coal plants shut down