



VIA FACSIMILE

December 8, 2008

The Honorable Nancy Pelosi
Office of the Speaker
U.S. House of Representatives

The Honorable Harry Reid
Office of the Majority Leader
U.S. Senate

Dear Speaker Pelosi and Majority Leader Reid:

The Center for Biological Diversity is deeply concerned that the pending financial bailout of U.S. automobile manufacturers could fail to elicit critical changes necessary both to the long-term viability of these companies and to national energy and transportation policy. For decades, the U.S. automobile manufacturers have relentlessly opposed improvements in fuel economy standards, dragging the industry backward in fuel efficiency, and these damaging policies continue to this day. Instead of investing in improvements in fuel economy, the U.S. automakers have invested billions of dollars in lobbying and litigation to block higher environmental standards, and in marketing to convince American consumers to buy larger and more powerful vehicles. This short-sighted strategy is a leading contributor to the current financial crisis for these corporations. The success of the financial bailout depends greatly on setting a new direction for these companies to become leaders in the industry at a time when the climate crisis, higher fuel prices, and the need for energy independence demand higher efficiency vehicles.

The bailout must include key safeguards to promote higher fuel economy and decreased motor vehicle emissions, especially if Congress intends to fund the initial \$15 billion rescue of the U.S. automotive industry by borrowing from Congressional funding originally intended to improve the fuel efficiency and competitiveness of U.S. automakers. The Advanced Technology Vehicles Retooling Fund created in the Energy Independence and Security Act (EISA) enacted in 2007, was intended to enable automobile manufacturers and suppliers to invest in manufacturing capacity and technological development to build higher efficiency vehicles.

In order to provide safeguards for taxpayers, consumers, and the environment, we recommend these common-sense measures be included in the financial bailout of the U.S. automakers:

a) Grant California a waiver of preemption pursuant to Clean Air Act section 209(b) to implement its greenhouse gas emission motor vehicle standards. The statutory criteria upon

which EPA must base its decision regarding a waiver request have clearly been met, yet the EPA has unlawfully denied the waiver.¹

b) Direct the National Highway Traffic Safety Administration (NHTSA) of the Department of Transportation to revise the proposed corporate average fuel efficiency (CAFE) standards for model years 2011-2016 (73 Fed. Reg. 24352, (May 2, 2008)) based on (1) use of the more realistic economic assumptions which NHTSA described, but declined to adopt, in its “High Scenario” discussed in the final Environmental Impact Report for the rulemaking,² (2) adoption of the more accurate calculation for fuel economy promulgated by the Environmental Protection Agency in 2006, and (3) a fresh look at the technologies available for improving fuel economy and the environmental and societal impacts of insufficiently stringent standards in its determination of the “maximum feasible” level.

c) Require as a condition precedent to any automotive corporation receiving funds through the bailout that the corporation: 1) dismiss with prejudice any litigation to which it is a party intended to block state efforts to set greenhouse gas emissions standards for automobiles,³ and 2) to submit to Congress and NHTSA plans for accelerating production schedules for fuel-efficient vehicle models, and to greatly expand fleet mix of these vehicles.

The financial crisis facing U.S. automobile manufacturers is largely a result of decades of opposition to critically necessary fuel economy and emissions improvements. Incredibly, this opposition continues to this day. The actions of these corporations have demonstrated, time and again, the need for strong public oversight and regulation. The steps outlined above are critical to ensuring the success of the bailout of U.S. automobile manufacturers, as well as ensuring safeguards for American taxpayers, consumers, and the environment.

Sincerely,



Kassie Siegel,
Director, Climate, Air, and Energy Program
Center for Biological Diversity

¹ California State Motor Vehicle Pollution Control Standards; Notice of Decision Denying a Waiver of Clean Air Act Preemption for California's 2009 and Subsequent Model Year Greenhouse Gas Emission Standards for New Motor Vehicles, 73 Fed. Reg. 12,156, 12,163-69 (Mar. 6, 2008).

² These inputs are \$33.00 for the 2007 \$/ton cost of carbon dioxide emissions, \$0.116 2007 \$/gallon price for the oil import externality, \$3.33 per gallon for gasoline, and a discount rate of 3% for global warming impacts and 3% for other impacts, as compared to unrealistic \$2.00 for the 2007 \$/ton cost of carbon dioxide emissions, \$0.326 2007 \$/gallon price for the oil import externality, \$2.41 per gallon for gasoline, and a discount rate of 3% for global warming impacts and 7% for other impacts.

³ See, e.g. *Green Mountain Chrysler Plymouth Dodge Jeep v. Crombie*, 508 F. Supp. 2d 295 (D. Vt. 2007), appeal to the Second Circuit pending, nos. 07-4342 and 07-4360 (D. Vt. filed Dec. 5, 2007); *Central Valley Chrysler-Jeep v. Goldstene*, 529 F. Supp. 2d 1151 (E.D. Cal. 2007), appeal to the Ninth Circuit pending, nos. 08-17378 and 08-17380 (E.D. Cal. filed Oct. 23, 2008); and *Lincoln-Dodge Inc. v. Sullivan*, No. 06-70T Consolidated with No. 06-69T, (D. R.I.), 2008 U.S. Dist. LEXIS 96212, November 25, 2008.