



LEVIN BOND WILL DEPRESS FUEL ECONOMY STANDARD TO LOWEST COMMON DENOMINATOR

While many of the new decision criteria in the Levin-Bond amendment are unwarranted additional burdens, a few in particular threaten to do real harm to the statute and to the government program that sets a standard for fuel economy.

The National Highway Traffic Safety Administration (NHTSA) now considers 4 factors: 1) technological feasibility; 2) economic practicability; 3) the effect of other motor vehicle standards of the government on fuel economy; and 4) the need of the U.S. to conserve energy.

Under this guidance, the agency conducts a comprehensive investigation of the basis for new standards, including consideration of safety, employment effects, alternative technologies (excluding its own flexible fuel program), economic impacts, consumer preferences, cost and lead time, oil conservation – in short, everything redundantly raised in the new Levin-Bond criteria. The agency also does a comprehensive environmental evaluation under the National Environmental Protection Act (NEPA) and a full-blown economic evaluation of costs and benefits for OMB.

However, one criterion poses a threat to sound principles articulated by NHTSA as a part of its recent rulemaking on its *de minimus* new light truck rule. The proposal in Levin-Bond that NHTSA consider “manufacturer competitiveness” is a 180 degree departure from current agency policy. It could, if taken to a logical extreme, require NHTSA to adopt a percentage-based approach that would reward poor performers and foot-dragging among manufacturers. This would undercut the best incentive provided by the current program: setting the standard at the maximum feasible fuel economy for the industry as a whole.

In contrast, NHTSA’s statements in its rulemaking were crystal clear that the standard need not coddle the worse-off manufacturers among the bunch:

“[T]he CAFE statute does not contemplate that each standard automatically be set at the lowest projected level of the ‘least capable manufacturer with a significant share of the market.’ Instead, it contemplates CAFE levels at the maximum level attainable within the industry as a whole without necessitating consequential adverse economic consequences... As a result, we have determined that – for MY 2007, as well as MYs 2005 and 2006 – the CAFE standards are technologically feasible, and economically practicable, for the industry as a whole despite being set at a level above the current projections for a company with a substantial share of the light truck market.” -- 68 FR, 16868, 16883 (April 7, 2003).

**LEVIN-BOND WOULD CREATE RACE TO THE BOTTOM AMONG MANUFACTURERS,
AND DRASTICALLY RE-WRITE NHTSA POLICY –
OPPOSE THE AMENDMENT!**