

# STUCK IN NEUTRAL

Big Automakers Lobby Against Cleaner Vehicles, Make Record Profits from Dirty Cars

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## Key Findings

- As the Biden administration has pursued stronger vehicle rules to save consumers money and improve public health, the automotive industry has used a decades-old playbook to try to discredit, weaken, and block them.
- The top five automakers by US sales — General Motors, Ford, Stellantis, Toyota, and Honda — have lobbied against the rules while enjoying massive profits on gas-guzzling pickup trucks and ever-larger sport-utility vehicles.
- Despite arguing that stronger rules would be too costly for their companies, a Public Citizen [analysis](#) of financial filings found that these five automotive manufacturers have earned nearly \$293 billion in combined profits since 2018, paid shareholders nearly \$78 billion in dividends, and repurchased nearly \$41 billion in stock.
- Ten major auto companies and trade groups spent more than \$183 million on lobbying in Washington D.C., since 2019, an indication of their influence on Capitol Hill. The largest by far was General Motors, with \$48.6 million in lobbying, followed by Toyota at \$31 million and Ford at nearly \$21 million over that time frame.
- The Alliance for Automotive Innovation, the industry association that represents major automakers, was the fourth-highest spender on vehicle-related lobbying from 2019-2023.
- Public Citizen’s analysis of House lobbying disclosure data found that on average, the Alliance for Automotive Innovation sent a dozen lobbyists to Capitol Hill each quarter to lobby on CAFE and GHG standards. More recently, over the last two years, the trade group has sent an average of 17 lobbyists each quarter to lobby on the standards.
- In total, 25 different lobbyists were hired by the Alliance for Automotive Innovation to lobby on the standards from 2020 through 2023, including three former staffers of Senate Majority Leader Mitch McConnell (R-Ky.).
- The Biden Administration must not cater to Big Auto’s attempts to maximize short-term profits at the expense of Americans’ health, pocketbooks, and prospects for a livable future. The administration must enact stronger vehicle rules to protect the healthy existence of our communities and our planet.

## Introduction

Transportation is the leading cause of climate-destroying emissions and a major source of toxic air pollution in the U.S. For decades, the U.S. automotive industry has worked to delay and prevent government efforts to address these twin problems by requiring the sale of cleaner vehicles.

Automakers have waged public disinformation campaigns, spouted fear-mongering arguments to dissuade policymakers from taking strong action, and lobbied against laws and rules to limit emissions, improve vehicle safety, and improve fuel economy — popular measures that benefit Americans while saving them money.

Two such rules — the National Highway Traffic Safety Administration’s (NHTSA) Corporate Average Fuel Economy (CAFE) Standards and the Environmental Protection Agency’s (EPA) Multi-Pollutant Emissions Standards for Light-, Medium-, and Heavy-Duty Vehicles (vehicle emissions regulations) — are currently undergoing proposed updates to improve fuel economy and transition the industry toward producing cleaner vehicles. The proposed updates are worth billions in net societal benefits.

As has been the case for decades, the auto industry and its trade associations are employing a well-worn playbook to weaken and delay the rules. What is new, however, is that many U.S. automakers are doing so at a time when they are making record-breaking profits and receiving massive federal support to better comply with the rules, including clean vehicles subsidies, tax breaks, and government loans for manufacturing facilities.

The top five automakers by US sales — General Motors, Ford, Stellantis, Toyota, and Honda — have made disingenuous arguments about the feasibility of stronger fuel efficiency and emission tailpipe rules while enjoying massive profits on gas-guzzling pickup trucks and ever-larger sport-utility vehicles, which now make up the lion’s share of new vehicles sold in the U.S.

A Public Citizen analysis of financial filings found that these five automotive manufacturers have earned nearly than \$293 billion in combined profits since 2018, paid shareholders nearly \$78 billion in dividends, and repurchased nearly \$41 billion of their own stock. In particular, Toyota, the world’s largest automaker, is on track to exceed record profits in the company’s current fiscal year. Only one of the five big automakers, Ford Motor Co., has posted any annual losses since 2018, and those losses were small and vastly outweighed by the company’s profits in other years. Meanwhile, several automakers posted double-digit sales gains in 2023, and overall new vehicle sales were the best since 2019.<sup>1</sup> Sales of electric vehicles hit 1 million in the U.S. for the first time in 2023 and are expected to make up more than 10% of U.S. sales in 2024, according to Cox Automotive.<sup>2</sup>

Reducing transportation emissions is critical to avoiding climate impacts more dire and catastrophic than those the world is already experiencing. It is also important for improving air quality and public health. The Biden administration must stand strong against the auto industry's efforts to water down these regulations by finalizing the strongest fuel economy and vehicle emissions standards. The healthy existence of our communities and our planet depends on it.

## I. The origin of regulations: EPA vehicle emissions rules and NHTSA CAFE standards

The EPA and NHTSA have different authorities and missions, but both play key roles in writing rules for vehicles sold in the United States. EPA regulates emissions to protect public health and welfare, while NHTSA sets fuel economy standards to reduce dependence on foreign sources of fuel and achieve greater national energy conservation.

### [The Clean Air Act and EPA's authority to set auto emissions limits](#)

The Clean Air Act of 1970 (the Act) transformed national air pollution regulation. It established federal and state authority to limit air pollution from stationary and mobile sources, including restrictions on tailpipe emissions of all vehicle classes. The Act established the Environmental Protection Agency (EPA) to create and implement these new federal emissions requirements, amidst other regulations.

Section 202 of the Act grants EPA its authority to set national vehicle pollutant limits. California had already taken action since 1959 to fill the regulatory gaps.<sup>3</sup> California innovated various state-wide laws and regulations, including vehicle emissions standards, to address its poor air quality, then some of the worst in the country

Recognizing California's distinct air quality issues and its effective solutions, Congress gave the EPA separate authority, through Section 209, to grant California a waiver to enforce more protective emissions programs than those in the federal regulations. Congress also gave states the option to adopt California's more innovative solutions or to follow federal rules when creating their own laws and regulations for vehicle emissions controls through Section 202. Seventeen states have adopted all or part of California's stronger low-emission and zero-emission vehicle regulations.<sup>4</sup>

Under former president Donald Trump, the federal government revoked California's authority to impose more stringent vehicle emissions and greenhouse gas (GHG) standards.<sup>5</sup> The auto industry split over the issue. Several large automakers — notably GM, Toyota and Chrysler (now Stellantis) — sided with the Trump administration against California's standards, while Ford, Honda, BMW, Volkswagen and Volvo agreed to produce cleaner vehicles and support California.<sup>6</sup> That legal battle is ongoing even after the Biden administration reinstated the EPA waiver in 2022, with Republican state

attorneys general continuing to try to undermine California's long-standing authority to set stricter regulations.<sup>7</sup>

### The Energy Policy and Conservation Act and NHTSA CAFE Standards

Congress passed the Energy Policy and Conservation Act of 1975 (EPCA) largely in response to the 1973 oil embargo by the Organization of Petroleum Exporting Countries (OPEC).

While the embargo had global impacts, in the U.S. it resulted in price hikes and supply shortages for consumers. Amid other market dynamics, a key driver of these impacts was that in 1973, the U.S. imported about 30 percent of national oil consumption, leaving the U.S. economy and consumers vulnerable to the resulting OPEC-induced changes.<sup>8</sup> The ensuing crisis marked a pivotal point in U.S. energy policy.

EPCA included measures to achieve greater energy conservation and reduce demand for fossil fuels, including fuel economy measures known as CAFE standards. The CAFE standards set a minimum distance that vehicles must travel on a gallon of fuel and included a flexible design and corresponding incentives for auto manufacturers to apply more fuel-efficient technologies.

By law, NHTSA is required to set fleetwide average fuel efficiency standards for each model year at the maximum feasible level as determined by technological feasibility, economic practicability, the effect of other vehicle standards on fuel economy, and the need of the U.S. to conserve energy. The agency also considers factors impacting public safety and the environment.

The first CAFE standards were set for passenger cars and light trucks in model year 1978, with the goal to roughly double fuel economy to 27.5 miles per gallon (MPG) by model year 1985. The timeline was delayed by Presidents Reagan and Bush, resulting in companies not reaching the target until model year 1989.

In 2007, the Energy Independence and Security Act amended EPCA to increase CAFE standards for all vehicle types to a combined average of at least 35 miles per gallon (MPG) by 2020. It also created an attribute-based system for compliance that made CAFE requirements of each automaker dependent on the unique mix of vehicles they produced for U.S. sales. In other words, not every class of vehicle is required to meet the same fuel efficiency requirements: larger-sized fleets are subject to less stringent fuel efficiency requirements than smaller sized fleets.<sup>9</sup>

The 2007 amendments were followed by a 2009 joint agreement between the EPA, NHTSA, state regulators and the auto industry to establish the One National Program to support the implementation of strong fuel efficiency standards. EPA and NHTSA streamlined greenhouse gas emissions and fuel efficiency regulations for the industry through co-creating standards to serve both functions. The standards increased in

stringency year over year and the program was projected to double average fuel efficiency and reduce emissions of new vehicles 40% by 2025.

In 2011, President Obama made historic moves forward in the next phase of the One National Program: The administration struck a deal with thirteen major automakers, the United Auto Workers (UAW) union, and the State of California, to increase fuel economy to 54.5 MPG for cars and light-duty trucks by model year 2025.<sup>10</sup> This accounted for over 90% of vehicles sold in the U.S. and would save Americans an average of \$1.7 trillion in fuel costs.

However, the Trump administration rolled back these gains, replacing the One National Program with substantially weaker standards called the “Safer, Affordable, Fuel-Efficient (SAFE) Vehicles Rule.” Upon taking office in 2021, President Biden issued Executive Order 13990, which ordered the review of the SAFE program. The program was rescinded upon this review, and EPA and NHTSA proposed new rules, still in the process of finalization.

Recently, on July 1, 2022, NHTSA published its proposed decision to exempt various model year vehicles of a number of small volume manufacturers, including Aston Martin and Ferrari, from CAFE standards. Instead of requiring these manufacturers to pay non-compliance fines, NHTSA created alternative standards, at levels they’d already achieved, and applied them retroactively.<sup>11</sup>

## **II. Industry delay and disruption tactics over the decades: a brief overview**

The NHTSA fuel economy standards and EPA’s vehicle emission rules are merely two examples of how the industry has fought efforts to more tightly regulate their industry for public benefit. Much like Big Oil and Big Tobacco, the U.S. automotive industry has known for decades that their product is causing harm. Rather than shift practices, the industry and its trade associations have employed a similar playbook to deny responsibility and fight strong regulations that would prioritize public health and a livable planet.

### Denying responsibility and delaying progress

In the 1950s, researchers found that auto tailpipe emissions were a leading cause of the smog polluting major U.S. cities, like Los Angeles, and, increasingly, rural areas.<sup>12</sup> The main industry group at the time, the Automobile Manufacturers Association (the Association), validated the direct link through additional study. Yet, despite the industry's awareness, the Association worked to block solutions as a means to evade responsibility.

For more than a decade, the Association publicly cast doubt on the extent to which vehicles were the primary cause of smog and united automotive companies including GM, Ford, and Chrysler (now Stellantis) into a formal group to delay the use of available pollution control technologies in their vehicles.<sup>13</sup> California's Motor Vehicles Pollution Control Act, which the industry fiercely fought, forced automakers to install pollution control technology starting in 1966 models.

However, problems remained. Public Citizen founder Ralph Nader castigated car companies in 1970 for dodging pollution regulations by submitting special prototypes for pollution inspection by federal regulators, and then selling assembly line vehicles that failed to meet government pollution standards.<sup>14</sup>

That same year, then President Nixon issued a comprehensive Administration-wide agenda for improving environmental quality that included a legislative proposal for representative samples of automakers' vehicles, rather than prototypes, to be randomly tested for emissions compliance throughout the year.<sup>15</sup> Various ongoing amendments to the Clean Air Act and years of EPA regulatory work have since made compliance testing more vigorous, including a mandatory manufacturer in-use emissions testing program and an advanced program to screen for defeat devices.<sup>16</sup>

### Denying links to climate change and funding 'alternative' theories

The industry's tactics to evade responsibility grew to include climate denialism. In the 1960s, scientists at General Motors and Ford warned company leadership that their vehicles were fueling climate change. The industry took to deny and delay tactics.<sup>17</sup> Company executives testified to Congress against making federal investments in electric vehicle (EV) research and privately funded efforts to establish alternative "theories" to cast doubt on climate science, even as scientific consensus on climate change emerged.<sup>18</sup>

From the 1970s onward, increasing public awareness of the harms of emissions and ensuing oil crises have prompted regulators to limit vehicle emissions and increase fuel efficiency as solutions to climate change and pollution.

Automakers' efforts to dispute the validity of and need for such regulations increasingly intertwined with their climate denialism. Company executives, as they did in the 1960s, sought to sow doubt about climate change and the need for regulations in the late 1980s.

As recounted by the Union of Concerned Scientists, Chrysler's then Senior Vice President, Robert Liberatore, testified: "While global warming and CAFE are related subjects, we believe that the potential impact of CAFE on the global issue of planetary warming are difficult to demonstrate." (U.S. Senate 1989a).<sup>19</sup>

In 1996, the heads of GM, Ford, and Chrysler joined the other industries in writing to then-President Clinton to question the science behind climate change, arguing urging for more research and against U.S. action domestically and internationally. Today, automakers are still a leading opponent of efforts to address climate change and by limiting their industry's GHG pollution globally.<sup>20</sup>

### Distorting the economic and public benefits of emissions regulations

Over the years of proposed regulations, the industry has also peddled false narratives that regulations are unnecessary and harmful. This tactic was particularly pronounced during the development of the Clean Air Act of 1970.

In arguing against EPA's emissions rules, Ford, GM, and Chrysler (now Stellantis) invested in a public misinformation campaign. GM ran ads greenwashing its minor efforts to voluntarily reduce emissions to demonstrate why regulations were not only unnecessary, but a fuel penalty that was antithetical to saving fuel.<sup>21</sup> Ford claimed Congress was being too aggressive, while Chrysler's newspaper ads called the standards, "wasteful, unnecessary, and unrealistic."<sup>22</sup>

While industry lobbyists did not succeed in completely removing emissions limits, they successfully advocated to amend the Clean Air Act to include a progress review of industry emissions reduction efforts. This acted as a loophole: until the review was complete, federal regulators could not create enforceable standards and compliance requirements. This bought the industry an additional year without federal regulation.

In the 1990s, the auto industry attacked California's zero-emission vehicle mandates as impractical and filed lawsuits against the rules. The industry was unsuccessful in stopping the rules; in fact, the regulations not only remained, but spurred the development of technology that underpins automakers' most fuel-efficient cars today.<sup>23</sup>

Automakers have also argued the standards would be economically destructive. In the 1970s, Ford claimed emissions standards would bankrupt their companies and do "irreparable harm to the American economy."<sup>24</sup> Yet, within months of bill introduction, Honda and Mazda both introduced engines that met the standards and made their technology available to other automakers via licensing, proving the falsehood of such claims.

### III. Lobbying against clean vehicles in D.C.

The industry has not stopped these tactics. In 2017, in the lead up to the 2018 finalization of stronger NHTSA and EPA stronger fuel economy and tailpipe emissions rules, the U.S. auto industry, led by Ford, GM, Fiat Chrysler and Toyota spent \$49 million lobbying in Washington, including on NHTSA and EPA standards, the most in nearly a decade according to data from OpenSecrets.<sup>25</sup>

More recent data from OpenSecrets shows that the Alliance for Automotive Innovation, the industry trade association that represents General Motors, Ford, Stellantis, Toyota and Honda and other automakers, spent \$17.6 million lobbying on all issues between its founding in 2020 and 2023 [Table 1]. Among other things, the Alliance for Automotive Innovation lobbied the Senate, House, NHTSA and the EPA, on CAFE and GHG standards. While the specific nature of the lobbying is not public record, automakers' public stance and long history of opposition to pollution control rules indicates that this lobbying was likely part of an intense push to continue efforts to delay and prevent the rules.

As noted in **Table 1** below, the Alliance for Automotive Innovation had the fourth-highest total lobbying spending in the industry from 2019-2023, behind only the individual spending of General Motors, Toyota, and Ford.

**Table 1: Top 10 companies/trade groups lobbying on automotive industry issues 2019-2023**

Company/ Trade Group	2019	2020	2021	2022	2023	Grand Total
General Motors	\$8,380,000	\$8,000,000	\$9,130,000	\$10,050,000	\$13,000,000	\$48,560,000
Toyota Motor Corp	\$7,110,000	\$6,065,000	\$5,986,204	\$5,904,321	\$6,019,963	\$31,085,488
Ford Motor Co	\$4,271,953	\$3,178,210	\$3,529,912	\$6,656,845	\$3,146,803	\$20,783,723
Alliance for Automotive Innovation*		\$4,685,019	\$4,520,538	\$4,614,048	\$5,500,316	\$19,319,921
Stellantis NV*	\$3,999,152	\$2,890,000	\$4,008,000	\$3,030,000	\$3,480,000	\$17,407,152
Honda Motor Co	\$2,637,804	\$2,647,000	\$2,477,453	\$2,667,375	\$3,092,760	\$13,522,392
Nissan	\$2,830,000	\$2,890,000	\$2,460,000	\$2,320,000	\$2,090,000	\$12,590,000
Geely Automobile	\$1,855,000	\$1,760,000	\$1,460,000	\$1,460,000	\$1,145,000	\$7,680,000

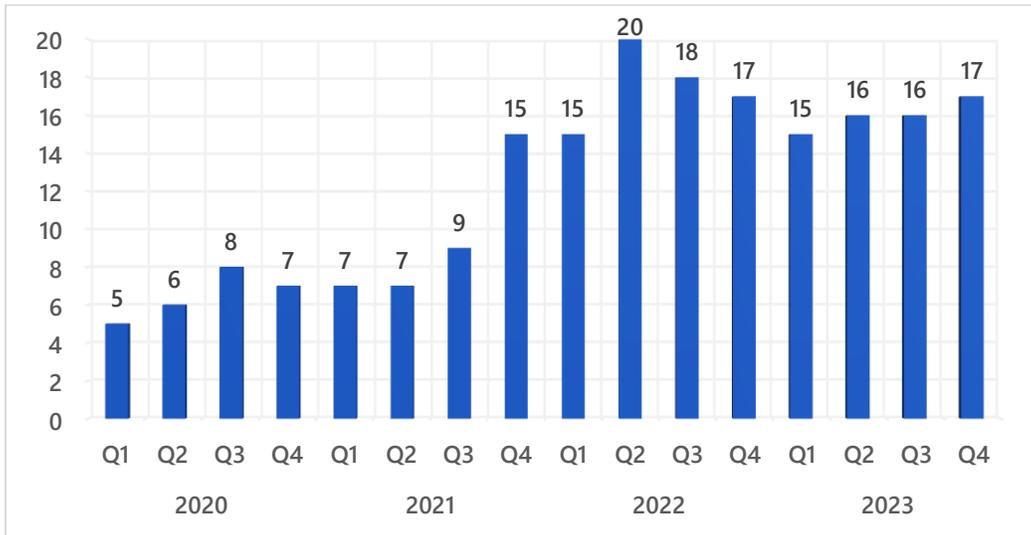
Company/ Trade Group	2019	2020	2021	2022	2023	Grand Total
Alliance of Automobile Manufacturers	\$6,820,000					\$6,820,000
Daimler AG	\$1,440,000	\$1,290,000	\$1,180,000	\$980,000	\$770,000	\$5,660,000
<b>Total</b>	<b>\$39,343,909</b>	<b>\$33,405,229</b>	<b>\$34,752,107</b>	<b>\$37,682,589</b>	<b>\$38,244,842</b>	<b>\$183,428,676</b>

Source: Analysis of auto manufacturer [lobbying data](#) from OpenSecrets. Notes: Alliance for Automotive Innovation was formed out of the 2020 merger of the Alliance for Automotive Manufacturers and Association of Global Automakers. Lobbying totals for Stellantis NV include its predecessors, FCA US LLC, the owner of Chrysler and Fiat brands before the company’s 2021 merger with Peugeot owner, France-based PSA Group, which formed Stellantis.

Throughout 2023, with EPA and NHTSA proposing updates to emissions rules and CAFE standards, the automotive industry has drawn from its longstanding playbook to try to discredit, weaken, and block the new rules.

Public Citizen’s analysis of House lobbying disclosure data found that between 2020 and 2023, on average, the Alliance for Automotive Innovation sent a dozen lobbyists to Capitol Hill each quarter to lobby on CAFE and GHG standards. More recently, over the last two years, the trade group has sent an average of about 17 lobbyists each quarter to lobby on the standards **[Figure 1]**.

**Figure 1 – Number of lobbyists lobbying on CAFE and GHG rules on behalf of the Alliance for Automotive Innovation, by Quarter, 2020-2023**



Source: Public Citizen analysis of federal lobbying records.

In total, 25 different lobbyists were hired by the Alliance for Automotive Innovation to lobby on the standards from 2020 through today, including the trade group's own staff and lobbying firm employees. Those lobbying on behalf of the Alliance included:

- Three former Senate Majority Leader Mitch McConnell (R-Ky.) staffers, including the Alliance's executive vice president for public affairs,<sup>26</sup> McConnell's former Deputy Chief of Staff of Communications Donald Stewart.<sup>27</sup> A close McConnell confidante<sup>28</sup> Stewart lobbied NHTSA, the EPA and the White House on CAFE and GHG standards.<sup>29</sup> Other former McConnell aides lobbying for the auto industry were former McConnell Chief of Staff Hunter Bates,<sup>30</sup> an Akin Gump lobbyist<sup>31</sup> who lobbied the Senate and the House on fuel efficiency standards;<sup>32</sup> and former McConnell aide Brendan Dunn,<sup>33</sup> another Akin Gump lobbyist<sup>34</sup> who lobbied the Senate and the House on CAFE standards.<sup>35</sup>
- David Schwieter, the chief policy officer at AAI,<sup>36</sup> a former legislative director to Senator John Thune (R-SD.),<sup>37</sup> the second-ranking Senate Republican. Schwieter lobbied NHTSA, the EPA and the White House on CAFE and GHG standards.<sup>38</sup>
- Ryan Thompson, a former chief of staff to Sen. James Inhofe (R-Okla.),<sup>39</sup> an Akin Gump lobbyist.<sup>40</sup> Thompson lobbied the EPA on fuel efficiency standards.<sup>41</sup>

#### False claims that EPA's proposed rules are infeasible and unachievable

When EPA proposed pollution standards for model year 2027-2032 light duty vehicles in April 2023, the auto industry returned to arguing that the rules are infeasible. The Alliance for Automotive Innovation has led the industry pushback. The group's President and CEO, John Bozella, released public blogs, statements, and memos calling the rule unreasonable and unachievable in the proposed timeframe.<sup>42</sup>

In written comments, AAI argued that the industry shares the goals to reduce combustion engine vehicle emissions and to quicken the pace of the zero-emission vehicle transition. Yet it argued against the rules as a "de facto battery electric vehicle mandate" that automakers cannot meet without "substantially increasing the cost of vehicles, reducing consumer choice, and disadvantaging major portions of the United States population and territory."<sup>43</sup>

### Individual auto manufacturers' critiques of EPA's proposed rule

Like AAI, Ford, Stellantis, and Honda similarly argued the purported infeasibility of improving fuel economy and transitioning to electric vehicles in written comments to the EPA.

**Stellantis** expressed direct support for AAI's comments and added that EPA's proposed requirements "exceed what is feasible," and the proposed standards are "a distracting and costly focus."<sup>44</sup>

**Ford** emphasized that EPA's proposal, "...is not feasible and does not align with the anticipated scaling of the EV supply chain and manufacturing base..."<sup>45</sup>

**Honda** stressed, "...the agency has characterized its standards as "readily achievable..." Honda respectfully disagrees... While perhaps well-intentioned, basing standards on an assumed swift and seamless EV market transition – completely unprecedented in nature – strikes us as a questionable choice for policy design."<sup>46</sup>

Much like when Congress proposed the first set of standards in the 1970s and the auto industry proclaimed they would be impossible to achieve, these arguments hold no truth.

To begin, EPA's compliance structure is technology-neutral, which gives automakers flexibility in how to comply. Analysis has shown that the technology is not only available, but the majority of automakers could meet EPA's proposed standards even selling as little as 40% of their fleet as battery electric vehicles.<sup>47</sup>

Indeed, automakers previously issued statements supporting President Biden's executive order setting set targets higher than this 40%.<sup>48</sup> The order established the goal that 50 percent of all new vehicles sold in the US in 2030 be zero-emissions vehicles.<sup>49</sup>

Furthermore, most automakers have indicated their intent to transition their fleet sales to 100% EVs. Ford and GM have committed to transitioning their sales to fully electric vehicles by 2035, with Stellantis setting a more aggressive target for 100% battery-electric car sales in Europe by 2030.<sup>50</sup> Honda has made less aggressive commitments of 100% EVs by 2040. Toyota is the lone major automaker not to set a target for 100% EVs, and that is likely because the company has made bad business decisions on EVs for a decade or more and is simply far behind all major competitors.

If it is not technologically feasible to switch to 100% EVs in short order, then why would automakers announce these goals and be actively working toward them? EPA is not

forcing EV adoption, but rather “adjusting its standard to the already changing automotive market.”<sup>51</sup>

The proposed rules also save money for automakers. For EPA’s proposed rules for vehicle model year 2027-2032, EPA estimates compliance will cost manufacturers an average of \$633 per vehicle in 2027, *less* than the projected average \$1,000 compliance costs for manufacturers of vehicle years in model year 2026 under current regulations.<sup>52</sup> Given the availability of existing technologies to meet the proposed regulations while cutting down costs to do so, why would automakers argue that the standards are unachievable?

One reason is that automakers simply don’t want to take responsibility for their decades of underinvestment in making their vehicles cleaner and more fuel-efficient. Data has shown that year after year, automakers’ failure to transition their fleets to cleaner, smaller vehicles, not technological feasibility, has caused them to be out of compliance with regulations.

Annual reports published by the EPA demonstrate major automakers’ failures to implement available technologies to achieve both EPA and NHTSA regulatory requirements.<sup>53</sup> EPA also traced automakers’ production of bigger, less fuel-efficient more polluting vehicles, a trend highlighted in the 2023 Automotive Trends Report.<sup>54</sup> Some companies, including GM and Stellantis, even went *backwards* on the progress they made in greenhouse gas emissions reductions and fuel efficiency improvements. In 2022, new vehicles from Stellantis, GM and Ford had the highest average emissions and lowest fuel economy of all large manufacturers.<sup>55</sup>

As history has shown, even with stated climate and EV commitments and investments, U.S. automakers will not act quickly unless forced to do so. And if penalties for non-compliance are too weak, companies can simply pay a fine and consider it part of the cost of doing business. For instance, General Motors and Stellantis have chosen to pay fines so they can focus on selling extremely profitable trucks and SUVs, rather than work to improve the fuel economy of those vehicles.<sup>56</sup> General Motors has invested in an advanced electric battery platform, to be used by Chevrolet, Cadillac, and GMC brands, but has struggled to bring those cars to market.<sup>57</sup>

EPA’s proposed rules are fundamental to ensuring automakers use available emissions reduction technologies at the pace and extent necessary to address climate change. An analysis by the International Council on Clean Transportation (ICCT) found that only half of automakers have reached 10% or more in electric vehicle sales shares, a figure that must jump to 77% by 2030 to keep global warming below 2°C, with even more action needed to align with a 1.5°C pathway.<sup>58</sup>

The industry also claims the stringency of EPA proposal would force automakers to inefficiently share so-called finite resources between either meeting their EV commitments or complying with requirements to lower emissions from combustion

engine vehicles. In essence, the industry is arguing that it cannot afford to do both, at a time when its profits and government financial support are at record highs. It doesn't add up.

## IV. Soaring automaker profits and the EV transition

With EV sales soaring in China and in Europe, the Biden administration has dedicated record levels of financial support to the EV transition. Under the Inflation Reduction Act (IRA) and the 2021 federal infrastructure bill, the auto industry has received billions in EV tax credits and financing. The Administration also recently announced \$12 billion in loans and grants for the industry to retrofit its plants to produce EVs and advanced vehicles.<sup>59</sup>

This massive government support, combined with record profits, has increased automakers' EV commitments. Since the passage of these landmark pieces of legislation, U.S. automakers have increased their announced EV investments by more than 400 percent;<sup>60</sup> more than half of these investments occurred within a year of the IRA's passing.<sup>61</sup>

Major automakers, including Ford, GM, Stellantis, Honda, and Toyota, have announced plans to invest almost \$1.2 trillion collectively in EVs and batteries globally through 2030.<sup>62</sup> GM, Ford, Toyota, Honda, and Stellantis have all formed joint ventures with battery makers. Ford, Honda, and BMW have combined to create a company to create a platform between utilities, EV customers, and automakers for more efficient EV charging.<sup>63</sup>

Even with these record investments, legacy automakers are clinging to their traditional models. In addition to lobbying to delay the EV transition, they have diverted profits that could be reinvested in an all-electric future to their shareholders, including their own senior executives.

The companies employ two key strategies to do so. To benefit investors, they pay out dividends, the quarterly payments investors receive for owning shares. More controversially, they repurchase shares of their stock and retire them, reducing the number of shares outstanding and driving up the value of each share remaining in investors' hands.

Chief executives and other top executives often receive most of their generous compensation packages in stock and derive huge benefits when a company's share price increases. For example, General Motors CEO Mary Barra was paid more than \$85 million in stock and stock option awards from 2018 through 2022,<sup>64</sup> and James Farley, the chief executive of Ford Motor Co. was paid more than \$50 million in stock and stock options over the same time period.<sup>65</sup> In recent months, General Motors,<sup>66</sup> Ford<sup>67</sup> and Stellantis<sup>68</sup> have announced expanded share buyback plans as well as dividend increases for 2024.

Since 2018 Ford, GM, Stellantis, Toyota, and Honda have:

- earned nearly **\$293 billion in profits** combined since 2018 on nearly \$4.8 trillion in revenue.
- paid shareholders nearly **\$78 billion in dividends**; and
- purchased nearly **\$41 billion of their own stock**.

Toyota, the world's largest automaker, is on track to exceed record profits of more than \$30 billion in the company's current fiscal year.<sup>69</sup> Only one of the five big automakers, Ford Motor Co., posted any annual losses since 2018, and those losses were small and vastly outweighed by the company's profits in other years (**Tables 2 through 5**).

**Table 2: Major Automaker Profits Since 2018**<sup>70</sup>

Profit (\$Billions)	2018	2019	2020	2021	2022	2023	Grand total
<b>Ford</b>	\$3.68	\$0.05	-\$1.28	\$17.94	-\$1.98	\$4.35	\$22.7
<b>General Motors</b>	\$8.01	\$6.73	\$6.43	\$10.02	\$9.93	\$10.13	\$51.3
<b>Stellantis</b>	n/a*	\$3.6	\$2.5	\$16.8	\$17.8	\$20.1	\$60.8
<b>Honda</b>	\$5.5	\$4.2	\$6.2	\$6.4	\$5.0	\$6.2	\$33.5
<b>Toyota</b>	\$17.6	\$19.1	\$20.4	\$21.7	\$17.4	\$28.1	\$124.5
<b>Total</b>	\$34.9	\$33.6	\$34.2	\$72.9	\$48.2	\$68.9	\$292.7

**Table 3: Major Automaker Revenue Since 2018**

Revenue (\$Billions)	2018	2019	2020	2021	2022	2023	Grand total
<b>Ford</b>	\$160.34	\$155.90	\$127.14	\$136.34	\$158.06	\$176.19	\$914.0
<b>General Motors</b>	\$147.05	\$137.24	\$122.49	\$127.00	\$156.74	\$171.84	\$862.4
<b>Stellantis</b>	n/a*	\$66.1	\$54.3	\$176.6	\$190.9	\$205.1	\$693.0
<b>Honda</b>	\$143.9	\$137.0	\$123.4	\$132.5	\$128.9	\$106.7	\$772.5
<b>Toyota</b>	\$283.2	\$280.1	\$247.8	\$239.3	\$264.4	\$242.1	\$1,557.0
<b>Total</b>	<b>\$734.5</b>	<b>\$776.3</b>	<b>\$675.2</b>	<b>\$811.7</b>	<b>\$899.0</b>	<b>\$902.0</b>	<b>\$4,798.8</b>

Table 4: Major Automaker Dividend Payments Since 2018

Dividends Paid (Billions in US Dollars)	2018	2019	2020	2021	2022	2023	Grand total
<b>Ford</b>	\$2.9	\$2.4	\$0.6	\$0.4	\$2.0	\$5.0	\$13.3
<b>General Motors</b>	\$2.2	\$2.4	\$0.7	\$0.2	\$0.4	\$0.6	\$6.4
<b>Stellantis</b>	n/a*	\$0.7	\$0.0	\$5.0	\$3.6	\$4.6	\$13.7
<b>Honda</b>	\$1.8	\$1.8	\$1.4	\$1.7	\$1.6	\$1.7	\$10.0
<b>Toyota</b>	\$6.0	\$5.8	\$5.7	\$5.4	\$5.2	\$6.3	\$34.4
<b>Total</b>	<b>\$12.9</b>	<b>\$13.0</b>	<b>\$8.3</b>	<b>\$12.7</b>	<b>\$12.8</b>	<b>\$18.2</b>	<b>\$77.9</b>

Table 5: Major Automaker Stock Buybacks Since 2018

Buybacks (\$Billions)	2018	2019	2020	2021	2022	2023	Grand total
<b>Ford</b>	\$0.2	\$0.2	\$0.0	\$0.0	\$0.5	\$0.3	\$1.2
<b>General Motors</b>	\$0.2	\$0.0	\$0.1	\$0.0	\$2.5	\$11.1	\$13.9
<b>Stellantis</b>	n/a*	\$0.0	\$0.2	\$0.0	\$1.0	\$2.6	\$3.8
<b>Honda</b>	\$0.6	\$0.9	\$0.0	\$0.6	\$1.2	\$1.5	\$4.7
<b>Toyota</b>	\$5.2	\$4.5	\$0.0	\$3.1	\$3.1	\$1.4	\$17.2
<b>Total</b>	<b>\$6.1</b>	<b>\$5.6</b>	<b>\$0.3</b>	<b>\$3.7</b>	<b>\$8.2</b>	<b>\$17.0</b>	<b>\$40.8</b>

It is not that automakers don't have the resources; quite the opposite, profits have expanded. Rather, it's that industry wants to squeeze every dollar of profit out of its poisonous business model, even if it destroys the earth and our future while doing so.

Industry has further argued that compliance relies on factors outside of their control and as such, would force adoption at a rate that would harm consumers with higher prices and the market with fewer choices. Historically, though, stronger emissions and fuel efficiency standards haven't increased the price of cars.

Rather, strong regulations have benefitted Americans. They've saved consumers trillions of dollars, particularly low-income households who spend a greater proportion of their income on fuel than their wealthier counterparts.<sup>71</sup> EVs cut repair and maintenance costs by 50% over similar gas-powered cars.<sup>72</sup> For these reasons, EPA estimates its rules will translate to average savings of up to \$13,000 for consumers.<sup>73</sup>

Moreover, a 2023 Consumer Reports analysis of car prices over nearly 20 years found that after adjusting for inflation, prices didn't increase even as fuel economy rose 30% and

safety technologies became commonplace.<sup>74</sup> Fuel efficiency improvements saved consumers an average of \$7,000 in lifetime fuel costs. Only SUVs increased in prices, due to their transition away from standard models to luxury ones.

Considering these benefits, it's not surprising that industry's claims about consumer demand are not just unfounded, but false. Consumers want more efficient cars and stronger emissions standards. Consumer demand for EVs has grown significantly. Since 2011, the number of EVs on U.S. roads grew from roughly 22,000 to over 2 million.<sup>75</sup> A nationwide poll conducted by Data for Progress in June 2023 found broad support for EPA's rules for both heavy-duty (68%) and light and medium-duty vehicles (64%). The majority of voters, including Republicans, support both sets of rules and a full transition to EVs (56%).<sup>76</sup> If automakers were truly acting on behalf of consumers' interests, they would be meeting this demand, not actively working against rules that support it.

## V. Conclusion

The EPA's and NHTSA's proposed updates are critical to reduce transportation emissions, avoid even more dire and catastrophic impacts of climate change than those the world is already experiencing, improve air quality, and reduce negative outcomes for public health.

The automotive industry has been an ongoing, corrupting influence on the EPA and NHTSA rules and climate policy writ large. As this brief has covered, the industry's arguments over the rules' purported infeasibility and economic harms are not factual, but tactics to maintain short-term profits at the expense of their own long-term viability. The meteoric growth of all-electric car companies such as Tesla and China's BYD, now the world's largest electric vehicle maker,<sup>77</sup> shows the folly of pushing back on emissions and fuel economy regulations, as companies that are geared up to meet the needs of the planet are those that will prosper in the coming decades.

The Biden Administration must not cater to industry's stonewalling. Instead, the administration must enact stronger rules on vehicle emissions and fuel economy to protect Americans. It is beyond time that regulators and politicians stand up to the lobbying might of large auto corporations and exercise leadership that protects Americans. The healthy existence of our communities and our planet depend on it.

## Methodology

To analyze automakers' finances, we examined Securities and Exchange Commission filings for General Motors, Ford, Stellantis, Honda and Toyota. We used fiscal year 2019 through fiscal 2024 data for Toyota and Honda, with the fiscal year ending March 31.

We converted figures in Euro (Stellantis) and Yen (Toyota/Honda) to U.S. dollars based on the average exchange rate for the calendar year reported.

For auto manufacturer lobbying data, we used OpenSecrets database at [www.opensecrets.org](http://www.opensecrets.org), as well as Lobbying Disclosure Act filings downloaded from the Office of the Clerk of the House of Representatives.

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