

## Auto industry's green push challenged by low gas prices

January 12 2016, by John Biers



The press preview of the 2016 North American International Auto Show in Detroit, Michigan on January 12, 2016

Beneath the hoods of the cars showing in Detroit this week lie engines that are as powerful as ever, but are smaller and, helped by direct injection, guzzle less gas.

Automakers have subbed out stainless steel for aluminum and other



lighter-weight materials, and added more gears to let engines run in "sweet spot" mode more often, so that their cars and trucks can save money on fuel and emit less climate-harming pollutants.

But with gasoline prices now nearly half of what they were just two years ago, the question is, do consumers care?

Or will a surge in sales of higher fuel-consuming cars and trucks, especially sport utility vehicles, erase recent efficiency gains on US roads?

The improvements to gasoline-based <u>internal combustion engines</u> that automakers have made show how greater efficiency has been mainstreamed throughout the industry, and not just on the electric and hybrid cars that steal most of the glory.

Under pressure from government regulation, fuel economy in US cars has risen 26 percent since 2004, according to the Environmental Protection Agency.

## Signs progress is flagging

Yet there are signs of flagging progress. Fuel economy for the fleet overall was unchanged at 24.3 miles per gallon in 2014, the last year with full data, according to the EPA report.





A model inserts the electric charger into the Porsche Panamera S E-Hybrid at the North American International Auto Show in Detroit, Michigan on January 12, 2016

Data from the University of Michigan Transportation Research Institute suggest fuel economy fell in 2015, with a significant drop in the last months of the year.

With gasoline prices so low, customers appear less pressured to buy more fuel-efficient cars, not to mention electrics and hybrids.

Of the 17.5 million cars US automakers sold in 2015, less efficient pickup trucks and SUVs dominated the market and grew much faster in sales than other types.

"You hear a lot of noise about demand for hybrids not being so big,"



Honda executive vice president John Mendel said at a launch Monday of its Ridgeline pickup truck.

"When (gasoline) was four or five bucks a gallon, everybody was clamoring for anything—a hybrid, ... something to take the sting out."



The Honda Ridgeline is unveiled at the North American International Auto Show in Detroit, Michigan on January 11, 2016

## Focus shifts to SUVs, pickups

To boot, Bill Fay, group vice president and general manager at Toyota, said his company has lowered production of some fuel-efficient models, while taking steps to lift output of SUVs and pickups.



Government pressure since the late 2000s to improve fuel consumption has spurred the gains. President Barack Obama has set the goal of cars getting 54.5 miles per gallon (4.36 liters per 100 km) in 2025, compared to about 29 miles per gallon in 2014.

Compliance is determined on gains of individual models and also whether the average efficiency of an automaker's overall fleet is improving enough.

Trucks and SUVs are not expected to get the same mileage as sedans and subcompacts, only to improve their mileage each year.



Visitors look at a cutaway model showing the fuel cells of a Toyota MIRAI car in Tokyo on December 10, 2015

The result has been not only an unprecedented number of hyper-efficient



electric and hybrid vehicles in the US fleet, but also the significant improvements in gas-powered cars.

But with trucks and SUVs now dominating sales, automakers have to keep improving the performance of those vehicles.

Some industry officials gripe that many of the easiest and cheapest changes have already been made, and meeting the 2025 targets will be hard.

Achieving gains has become more difficult now that the easiest changes—the "low-hanging fruit"—have been implemented, said Wade Newton, a spokesman for the Alliance of Automobile Manufacturers.

"You need more and more advanced technology to meet ever-increasing <u>fuel economy</u> standards," Newton said.





The 2016 GMC Acadia is unveiled during the press preview of the 2016 North American International Auto Show in Detroit, Michigan, on January 12, 2016

Others say there is still lots of potential.

"There's lots of room to get efficiency from these engines before we get rid of the internal-combustion engine," said General Motors executive vice president Mark Reuss Tuesday at a launch of the new GMC Acadia SUV Tuesday, which weighs 700 pounds (318 kg) less than the version it replaces.

Still, automakers say they are not counting on the government to walk back the fuel targets.

"It's a poor bet to base your business case on somebody changing the rules at the last minute," noted Honda executive <u>vice president</u> John Mendel.

Toyota, which has enjoyed the profitable surge in truck and SUV sales, has also unveiled a revamped Prius and in October launched the Mirai, a fuel cell vehicle.

"We're starting to get ready for a world that doesn't have any more gas engines by 2050," Fay told AFP. "Long way away ... but investing in that today."

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