

Global Policy Advocacy

Case Study: Fuel economy and greenhouse gas rules

BACKGROUND

We have represented Nissan on a variety of policy and regulatory issues for several years. Our goal is to help Nissan get ahead of policy changes not merely comply with regulations.

We advised Nissan for several years that the miles per gallon requirements in the Corporate Average Fuel Economy (CAFE) program were going to increase sharply and concerns about global warming would mean regulation of greenhouse gas emissions. The CAFE program was initially designed to double average fuel economy by 1985. The program achieved this objective, but the program's stringency had not changed much since then. CAFE was widely criticized as a regulatory program that imposed substantial costs on motor vehicle manufacturers while producing little added fuel efficiency.

In 2006 we advised Nissan that legislation would advance in the next year to substantially increase fuel economy requirements. We also advised Nissan that litigation would force the Environmental Protection Agency (EPA) to regulate CO2 emissions under the Clean Air Act.

Nissan Motor Company and Nissan North America, led by CEO Carlos Ghosn, recognized that more stringent requirements were both inevitable and necessary and that the primary objective should be to ensure that the new requirements were structured in a way to bring consistency between increasing stringency and market forces.

THE ISSUE

The legislation initially proposed would have sharply increased the fuel economy requirements, but left in place the existing architecture of the program. Known structural challenges with the CAFE program would have been exacerbated by this increased stringency.

WHAT WE DID

Working closely with Nissan's team, we provided market, technical, economic, and regulatory insights to the Congressional committees and key players developing the new requirements. We assisted Nissan in presenting itself as a key and transparent provider of information and ideas.

We worked closely with Congressional committees and agency staff to present a cohesive, coherent, forward-thinking view of a new fuel efficiency regime that could advance the United States. These efforts led the Congressional committees drafting the legislation to alter their proposal to an attribute-based fuel economy program with greater flexibility for all motor vehicle manufacturers.

THE RESULT

The United States Congress enacted the Energy Independence and Security Act of 2007, which included provisions promoted by Nissan such as the adoption of an attribute-based fuel economy program and more flexibility with regard to the transfer of credits between vehicle fleets. These changes to the program made the necessary increases in stringency viable in the commercial marketplace.

The Supreme Court mandated that EPA regulate CO2 emissions under the Clean Air Act. The regulatory structure developed by the legislation was flexible enough to be compatible with these new greenhouse gas rules without imposing additional burdens on the automotive industry.

As a result of its approach to the legislative process, Nissan earned a reputation within the US government and amongst non-governmental organizations as a transparent, open-minded, forward-thinking company.

If you have any queries about this case study or our Global Policy Advocacy work more generally, please contact:

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