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MITCH BAINWOL *President & CEO*

March 23, 2017

Gary Cohn
Director, National Economic Council
The White House
1600 Pennsylvania Ave. NW
Washington, DC 20500

Dear Director Cohn:

We appreciate the Trump Administration's announcement last week to ensure that a transparent data-driven analysis will occur prior to reaching a final determination on CAFE/GHG standards, consistent with the long held schedule originally advanced by the prior Administration. In particular, a mid-term review (MTR) can now occur with current data and timely evidence of market realities.

We are now in MY 2017. The agreement between DOT, EPA and California was finalized in 2012 during MY 2013 via a joint final rule with compliance requirements through MY 2025. With the President's action, now there will be an appropriate opportunity to inform the final determination with updated relevant data that more closely approximates a "mid-term" in the truest sense of the word.

As you well know, we are committed to a future of increasing fuel economy. We also believe that it is important not to prejudge the outcome of the MTR. At the same time, we are concerned that consumers are not yet embracing the high MPG offerings we are putting into the market to a degree necessary to facilitate compliance with the original schedule. And that of course, was precisely why the MTR was part of the original Agreement. All parties wanted to make sure that the underlying assumptions about consumer behavior, gas prices and technology costs and adoption remained valid. The need to make sure we are right about these assumptions is critical to reach a determination that fully recognizes, and then optimizes, the broad public policy concerns implicated by these standards, including affordability, employment and carbon reduction.

A key selling point in the original 2012 Agreement was the commitment to ONP – One National Program. That remains an important priority for automakers. Automakers seek certainty, predictability and rationality – over time – from the regulatory process. Given the multi-agency and federal/state realities of these programs, the idea of ONP is critical to smart, coherent regulation.

In the context of last week's announcement, we were pleased to see that the White House indicated a desire to bring all relevant stakeholders, including California, to the table in a genuine, serious and constructive effort to build consensus for a thoughtful, coordinated policy outcome. We think that such an effort is wise and timely, and look forward to participating. Ideally, this process will kick off as soon as possible so that this important work can begin.

With best wishes,

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