

Message

From: Robbie Diamond [RDiamond@secureenergy.org]
Sent: 3/1/2018 5:54:58 PM
To: Wehrum, Bill [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=33d96ae800cf43a3911d94a7130b6c41-Wehrum, Wil]
CC: Joseph Ryan [JRyan@secureenergy.org]; chuckc@visi.net
Subject: Smith and Conway in Washington Examiner: Trump can defend America's renewed economic growth, improve fuel standards
Attachments: Examiner Smith Conway oped.pdf

Bill,

It was great meeting last week. I wanted to share an oped in this morning's *Washington Examiner* by Frederick W. Smith, Chairman and CEO of FedEx, and General James T. Conway, 34th Commandant of the US Marine Corps, making the argument for one national program with a reformed fuel economy system that benefits the industry, the environment, our economy, and our national security.

Ken Blackwell, former Trump Transition Leader and Ohio Secretary of State had an oped in the Daily Caller and Townhall [Gas Prices v. Tax Cuts: How Trump Can Protect His Signature Achievement](#) which was covered in Inside Sources: [Trump Transition Team Member Warns Gas Prices Threaten Tax Cuts](#)

As I think I mentioned last week, we will be publishing a study in the coming weeks that shows current connected and other advanced technologies can improve fuel economy by 18% to 25% while saving lives.

Best regards,
Robbie

<http://www.washingtonexaminer.com/trump-can-defend-americas-renewed-economic-growth-improve-fuel-standards/article/2650302>



Trump can defend America's renewed economic growth, improve fuel standards

by Frederick W. Smith and James T. Conway
Mar 1, 2018

To maintain and produce meaningful economic growth, President Trump must reform and strengthen the fuel economy standards of our cars and trucks. This action would have the secondary effect of unleashing revolutionary, American-made innovations in transportation technology.

As the CEO of a Fortune 500 company and a former commandant of the Marine Corps, we are all too familiar with the economic and national security impacts of oil, and the urgent need for action. Unfortunately, the last time Americans received tax cuts, the benefits were wiped out by oil price spikes — one of countless examples of the economic risks associated with oil dependence. The cumulative impact of the Bush-era tax cuts from 2001 to 2008 increased household income by \$1,900, yet household spending on gasoline increased by \$2,000 in the same period. Similarly, in 2011, record

gasoline prices cost American households an additional \$104 billion compared to 2010, offsetting the \$108 billion in additional take-home pay from the Obama-era payroll tax cut.

The Trump administration has an opportunity, with its recent passage of the Tax Cut and Jobs Act, to avoid these past mistakes.

Exposure to oil price volatility also undermines our national sovereignty, granting foreign powers leverage over the U.S. economy and shifting our global priorities. Fuel economy is a national security policy designed to limit the use of oil as a weapon against American interests, enacted after the 1973 OPEC oil embargo drove the U.S. economy into recession. If cars today had the same fuel economy as cars in 1974, and accounting for an increase in vehicle miles traveled, we would consume almost 7 million barrels per day more gasoline than we now consume.

Despite these improvements and even as the unconventional oil and gas innovators in our heartland have transformed energy production, the U.S. remains vulnerable to oil price volatility. Oil is priced globally, and a disruption anywhere causes a price spike everywhere. No matter the level of domestic production, chronically unstable OPEC states hold some 73 percent of global reserves. Unlike power generation, the transportation sector lacks fuel diversity, meaning consumers and businesses have no choice about the fuels they wish to use – a challenge that becomes evident when gasoline prices rise.

The reopening of the midterm evaluation of fuel efficiency standards has created an opportunity to strengthen and modernize the fuel economy regime. As technology offers a possible transition to autonomous, electric vehicles by the 2030s, regulators should look to accelerate the future rather than onerously regulate the status quo. The federal government and California can thus join together to leverage emerging technologies to maximize long-term reductions in oil demand.

On the other hand, the downside risk is severe. A departure between federal and California standards would result in a protracted legal battle that creates regulatory uncertainty and wastes the automotive industry's time and money while failing to advance the nation's interests.

The overall deal should set a strong fuel economy goal out to 2030 or even 2035 in exchange for adjustment on near-term stringency and flexibility. This will give automakers the long-term certainty that will help them invest in technology packages today that align with that future goal.

Most importantly, Washington can simultaneously increase fuel economy savings today and in the coming years by addressing structural deficiencies in the "off-cycle" credit program, which allows automakers to gain credits for improvements undertaken outside the government's standard testing protocols. Expanding the "menu" of predefined credits, as well as streamlining the application process as technologies emerge, will benefit industry, the environment, and our national security.

These changes should unleash emerging technologies and businesses models that can verifiably save fuel while helping automakers compete during a period of rapid, unprecedented technological change. This approach could include, for example, congestion- and accident-reducing technologies on the market today, such as advanced driver assistance systems, ADAS, which include adaptive cruise control and lane-keeping, as well as connectivity systems. As accident-related congestion in the U.S. wastes nearly one billion gallons of fuel annually, savings through these technologies could be significant.

Through these reforms, President Trump's administration and the state of California can increase wealth for the nation and continue American leadership in advanced technology. Our recent economic growth must not suffer from oil price volatility as it did under previous presidents. A good deal on fuel economy is both possible and serves the long-term interests of the American people.

Frederick W. Smith is Chairman and CEO of FedEx Corporation, and retired Gen. James T. Conway, USMC, served as the 34th Commandant of the Marine Corps. Together, they serve as the co-chairs of the Energy Security Leadership Council (ESLC), a project of Securing America's Future Energy (SAFE)

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