

# Ford Lays Out a Move to Cut Auto Emissions

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DETROIT, Oct. 1 - Top executives at the Ford Motor Company have privately endorsed an aggressive goal of reining in emissions from the automaker's vehicles by 2030, joining companies like BP and Toyota in approaching the issue as a business opportunity rather than a regulatory chore.

Ford's goal, according to its own internal projections, would require an improvement of about 80 percent in the fuel economy of its cars and trucks by 2030, according to people who have been informed of the plan.

The goal was laid out by the company's chairman, William Clay Ford Jr., and other executives at a meeting on Aug. 3 at their headquarters in Dearborn, Mich.

Companies including Ford have used computer models to assess how their current emissions contribute to concentrations of carbon and other gases linked by scientific organizations to a global warming trend. Some companies have also modeled how they would have to reduce their own emissions to proportionally scale back the environmental impact.

Ford's plan envisions carbon concentrations in the atmosphere that are significantly above current levels but well below what they would be by 2030 if left unchecked. The company is studying long-range product-development strategies to reach its goal and has not yet established shorter-range targets. Among those strategies could be more reliance on hybrid technology or other advances, like cleaner diesel engines and hydrogen fuel cells.

The company's senior executive team attended the August meeting, among them Mr. Ford; James Padilla, the chief operating officer; Allan Gilmour, the vice chairman; James Vella, Mr. Ford's chief of staff; and Philip Martens, executive vice president for product creation.

The company had not planned to publicize the strategy because it is a long-term objective subject to change and because Ford has recently been the focus of stinging attacks from environmental groups for falling short of previously stated objectives. Most recently, the company said it was abandoning a commitment made in 2000 to improve the fuel economy of its sport utility vehicles by 25 percent over five years.

"This is a stunning change of direction for Ford, whose emissions are greater than all of Mexico," said Daniel Becker, the top global warming strategist at the Sierra Club, which has long been pressuring the company to improve its automotive emissions and fuel economy. "This really is a better idea. We will continue to work with them to ensure that they implement this commitment."

Asked about the meeting, Carolyn Brown, a Ford spokeswoman, said: "It's a group of senior high-level Ford executives that meet to discuss a sensible approach to the issues of climate change, energy security and fuel economy. The work of the group is intended to help Ford drive its product-development strategies for the future."

"Beyond that I don't want to get into any specifics of internal meetings," she added.

The August meeting came soon before California adopted a regulation that will force automakers to reduce global warming emissions in the state by 30 percent by the 2016 model year. Ford and other automakers, including Toyota and Honda, have argued that the California regulation moves too far too fast, and the industry is expected to sue to block the measure.

Ford's internal strategy, by contrast, would call for a reduction in emissions of about 45 percent, equivalent to a roughly 80 percent improvement in fuel economy, according to its projections.

Government has long regulated smog-forming particles released from tailpipes, but the California regulation is the first in the United States to tackle global warming emissions.

Fred Webber, the industry's top lobbyist, cast doubt on a presentation on global warming by the staff of the state's air resources board at a hearing last month. The board cited a variety of hazards from climate changes, including rising sea levels that would threaten coastlines and fresh water supplies, an increase in asthma problems and poor crop irrigation because of the premature melting of mountain snow.

Mr. Webber called the topic "a big if."

Mr. Ford has been outspoken in Detroit on environmental issues and has long said that global warming is a matter of concern. His company even published a newspaper advertisement in 2001 that read: "Global warming. There. We said it."

In a May interview, citing "The Day After Tomorrow," a doomsday movie about climate change, Mr. Ford said, "If you look at where society is headed, whether it's the Kyoto compact, whether it's the Hollywood movie that's coming out this summer on global warming, all of those things will truly have an impact on the debate."

"I don't want Ford to be caught unaware or for us to be always saying, 'No, we can't do something,' " he added.

This year, the company has feuded with environmentalists over its decisions to stop making vehicles powered by natural gas and over plans, now abandoned, to destroy a few hundred electric-powered vehicles it had once leased to drivers and had decided posed future liability issues.

At the same time, Ford has begun to market a hybrid electric version of its Escape sport utility vehicle, becoming the third automaker, after Toyota and Honda, to sell a hybrid that offers fuel economy gains of 40 percent or more.

Since becoming chief executive in 2001, Mr. Ford, 47, has been uneasily balancing his oft-stated environmental goals with a frequently bleak industrial task: righting his great-grandfather's company after a \$5.5 billion loss that year. Since then, the company has recovered to post steady, if modest, profits, and Mr. Ford has said he wants to be more aggressive in setting long-range goals.

He and some other senior executives at the company - though certainly not all of them - see environmental initiatives as a critical part of the company's business strategy and are particularly concerned about Toyota's aggressive strategy to lead in fuel-efficient technologies as regulations around the world tighten. In its most recent fiscal year, Toyota more than doubled the combined earnings of Ford, General Motors and DaimlerChrysler.

"This is becoming an investment issue for two reasons," said John Casesa, an analyst at Merrill Lynch who was recently the host of a conference call assessing the potential cost of complying with tougher car regulations worldwide.

"First, there is some evidence that there is natural market demand for more fuel-efficient, less-polluting automobiles," he said. "The second reason is that we are entering a world where we will have a more conservation-oriented energy policy and that will require companies to comply, or face the cost of not complying."

Ford's strategy, somewhat similar to an approach used by BP, incorporates a goal of reducing its emissions to contribute to a stable global level of carbon concentration in the atmosphere of 550 parts per million by 2030. While that is significantly above the current level of about 370 parts per million, it is also significantly below where it could be by then if emissions are left unchecked.