



PROJECT GREEN

Toyota's Green Problem

Despite the Prius, environmentalists are turning on the carmaker for opposing new gas-mileage laws.

By Keith Naughton | NEWSWEEK

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When Toyota introduced its Prius hybrid car in America seven years ago, Detroit laughed it off. With gas prices at \$1.50 a gallon, they argued, no one would buy it. But Dan Becker embraced the little mileage miser. Then head of the Sierra Club's global-warming project, Becker invented an award to give Toyota: the Sierra Club Award for Excellence in Environmental Design. Then he took the Prius on a 50-city promotional tour. Finally, Becker paid Toyota the ultimate compliment; he bought a Prius. Today, Becker is still driving the car, but he's no longer praising Toyota. Instead, he now calls the automaker a "hypocrite" for siding with Detroit in opposition to tougher new gas-mileage laws. "It's embarrassing to have applauded Toyota for the Prius," says Becker, "and now to see them acting so irresponsibly."

The environmental community has turned on Toyota. First, it quietly castigated the carmaker for joining the Detroit Three in a lawsuit against California over legislation to reduce global-warming gases from cars by 30 percent within a decade, which would require cars to get up to 43 miles per gallon. Opposition increased when Toyota—in contrast to Honda and Nissan—sided with Detroit to try to block legislation currently before Congress to boost fuel economy for all new vehicles to 35mpg by 2020, up from 25mpg today. Toyota, in a familiar Motown refrain, says achieving such a hard target is not technologically feasible. It is pushing softer legislation that gives automakers until 2022 to improve fuel economy and continues giving breaks to big trucks and SUVs. "We haven't changed what we're doing to reduce our environmental footprint," says Toyota's top lobbyist, Josephine Cooper. "But our engineers are scratching their heads, saying, 'How will we get there?' Those are big numbers to achieve."

To the green crowd, though, Toyota is a turncoat. Their cries are reaching a wider audience as oil soars toward \$100 a barrel and gas prices top \$3 a gallon. Several environmental groups have launched a "How Green Is Toyota?" publicity blitz, which includes a letter-writing campaign they say has clogged the inbox of Toyota's top U.S. exec with more than 100,000 e-mails. In Detroit last month, eco-warriors stormed a Toyota dealership and draped it with a banner showing flag-wrapped coffins beside the slogan "Driving War and Warming." "Is Toyota really committed to being green, or are they just green scamming?" asks Rob Perks of the Natural Resources Defense Council.

How did Toyota go from paragon to pariah so quickly? The fuel-economy debate has laid bare Toyota's broader product strategy, which includes a big new Tundra pickup that gets 14mpg in the city. The 48mpg Prius remains the green standard, controlling half the hybrid market, but it doesn't make money for Toyota, analysts say, because of its complicated and costly gas-electric propulsion system. The Tundra, however, could eventually contribute \$10,000 per truck to the bottom line. More important, offering a full lineup of cars, trucks and SUVs is critical to Toyota's

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goal of becoming the world's No. 1 automaker. (The race is neck and neck: General Motors leads with 7.06 million vehicles sold worldwide so far this year to Toyota's 7.05 million.)

To defend its green street cred, Toyota last week rolled out its most extensive corporate-image ad campaign ever. The centerpiece commercial features a kind of mud-hut Prius being assembled out of twigs, earth and grass by a group of rugged campers. Against a moody mountain backdrop, the Prius slowly disintegrates back into the land, while an announcer says, "Can a car company grow in harmony with the environment? Why not? At Toyota, we're not only working toward cars with zero emissions. We're also striving for zero waste in everything else we do." Toyota execs insist the ad is not a reaction to their critics. "We're part of the greening of America," says Toyota group vice president Steve Sturm. "We want to make America more conscious of that." Ad Age critic Bob Garfield panned the ad, warning, "If the Prius mythology comes to stand not for environmental consciousness but for facile corporate PR, the campaign's irrational exuberance will pop the image bubble."

The ads might already be backfiring. This week at the Los Angeles Auto Show, eco-activists from Freedom From Oil tell NEWSWEEK they are planning to target Toyota by playing off the ads' "Why not?" slogan. With banners strung from the L.A. Convention Center or waved in a Toyota press conference, the protesters say they will ask the automaker "Why not?" drop the lawsuit against California's global-warming law. Toyota's sharpest Congressional critic, Rep. Edward Markey of Massachusetts, also is working the slogan into his broadsides. "They're saying they can't meet the 35mpg standard by 2020," Markey says, "and the American people are asking Toyota, 'Why not?' " Like so many of Toyota's critics these days, Markey is also a customer: He drives a Camry hybrid. But as friends turn into foes, Toyota is discovering it isn't easy being green while going for the green.

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