



## Consumer Federation of America

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### **AMERICANS ALARMED ABOUT DEPENDENCE ON OIL IMPORTS AND RESULTING HIGH GAS PRICES AND FUNDING OF TERRORISM**

#### ***But Most Greatly Overestimate Nation's Oil Reserves and Ability to Increase Supplies through Greater Domestic Production***

Washington, D.C. -- In a recent national survey commissioned by the Consumer Federation of America (CFA), a large majority of Americans expressed great concern about the nation's dependence on oil imports. They see this dependence as increasing gas prices, threatening future gas supplies, and funding terrorism.

This concern about oil dependence is a major reason why a large majority of Americans support increases in federal corporate average fuel economy standards (CAFE) -- by one mpg per year over the next ten years -- even when these higher standards increase the price of cars. Surprisingly, there is significantly more support for these increases in the auto-dependent North Central region of the country than in the other three regions. Legislation in both houses of Congress, which is gaining support, would mandate these improvements, annually reducing gas consumption by 46 billion gallons and saving more than \$125 billion at current prices.

At the same time, most Americans greatly overestimate the nation's domestic oil reserves and ability to substantially increase production. More than half (55%) of Americans mistakenly believe the nation holds more than twenty percent of the world's oil reserves. In fact, the U.S. has less than 3% of this oil. Those who overestimate domestic oil reserves also are most likely to think "we can produce enough oil to reduce our dependence on oil imports."

As well as supporting increases in CAFE, Americans can reduce the nation's dependence on oil imports by taking fuel-saving actions. Two of the most effective, which don't involve changes in driving, are replacing dirty air filters and making sure tires are aligned. Drivers who take these two steps can reduce their gas consumption by nearly 20%, effectively reducing the price of gas by over \$.50 per gallon. Today CFA is releasing 10 simple tips that will save the typical household over \$300 a year in gasoline costs. A recent analysis released by CFA reveals that consumers are paying \$1,000 more annually for gasoline than five years ago.

The survey was undertaken by the Opinion Research Corporation for CFA on April 20-23, 2007. The survey included a representative sample of more than 1,000 adult Americans and has a margin of error of plus or minus three percentage points.

## Americans Alarmed About Dependence on Oil Imports

Americans are aware of the nation's dependence on oil imports. When asked what percentage of the oil consumed in the United States is imported from other countries, more than two-thirds gave percentages between 40 and 80, and only 14% said less than 40. The actual percentage is a little more than 60.

Over four-fifths (84%) of Americans are concerned about this oil import dependency, with more than one-half (52%) expressing great concern. When asked why they were concerned, large majorities expressed concern about future gas prices and supplies, and funding unfriendly foreign governments and terrorism, with majorities expressing great concern about each.

	Concern	Great Concern
Future price of gas and heating oil	93%	72%
Future reliability of supplies of gas and heating oil	88	59
Funding terrorism	86	60
Funding unfriendly foreign gov'ts	82	51

"Americans clearly understand the relationship between oil imports and not only future price hikes but also funding of terrorism," said Stephen Brobeck, CFA's Executive Director. "They are also clearly feeling the pinch of rising gasoline prices," added Brobeck, "since average household expenditures on gasoline have increased \$1,000 over the past five years."

## Americans Support Mandated Increases in Auto Fuel Efficiency

The survey asked three kinds of questions about the public's support for mandated increases in motor vehicle fuel efficiency (CAFE). In response to a question about "supporting required increases in motor vehicle fuel economy," four-fifths (80%) said yes.

In response to a question about support for specific legislation requiring auto companies to increase new car gas mileage by about one mile per gallon a year for ten years, over four-fifths (81%) said they favor, with over half (55%) saying they favor strongly.

Then in response to the same question, with a statement that the legislation would "increase the cost of cars somewhat," but these costs would be offset by lower costs from lower gas consumption, support for the legislation remained high, at 73% (with 41% strongly favoring it).

Surprisingly, there is significantly more support for these increases in the auto-dependent North Central region of the country than in the other three regions. In the region stretching from Ohio to the Dakotas and from Minnesota to Missouri, where the facilities of U.S. auto companies are disproportionately located, 88% of Americans support CAFE increases compared to only 82% support in the Northeast, 78% support in the South, and 79% support in the West.

The legislation moving through Congress (S.357, Inouye-Stevens in the Senate and H.R.1506, Markey-Platts in the House), which aims to increase new vehicle fuel efficiency by 10 miles per gallon in ten years, sets appropriate goals for increasing CAFE standards.

"Support for the legislation mandating higher fuel economy is very strong and undoubtedly related to concern about oil import dependency," said Travis Plunkett, CFA Legislative Director.

"But the devil is in the details," Plunkett cautioned. "Unless the standards are mandatory for at least a decade and the criteria for evaluating progress thereafter rigorous, we could end up where we have been for the past decade, stuck in neutral."

### **But Americans Too Optimistic About Increasing Domestic Oil Production**

Slightly more than half of Americans (51%) think "we can produce enough new oil in the U.S. to reduce our dependence on oil imports," with 46% disagreeing. This optimism is clearly related to the widespread belief that the nation contains far larger oil reserves than it in fact has. More than half (55%) of Americans think we hold at least one-fifth of the world's oil, with nearly one-third (32%) thinking we hold over 30%. Only 3% of Americans think that we hold less than 5% of the world's oil reserves, which is the correct answer, since the Nation holds less than 3% of the world's oil reserves.

Domestic U.S. oil reserves equal just three years of current annual U.S. consumption and twelve years of current annual U.S. production.

#### **Knowledge of U.S. Oil Reserves as Percentage of World Reserves:**

% U.S. Reserves	% of Sample Population
0-5%	3%
5-10	10
10-20	26
20-30	23
Over 30	32
Say don't know	7

Those who overestimate our oil reserves tend to be the most optimistic about domestic production. Well over half of those who believe we have at least 20% of the world's oil think we can cut oil import dependence through increased U.S. production. But only one-fifth (20%) of those saying we hold less than 5% of the world's oil reserves think we can reduce oil dependence through domestic production.

"Most Americans are sorely misled when it comes to how much oil America controls. If they truly understood how little we have, they would know we cannot drill our way out of oil dependency. The only way to energy independence is through greater efficiency and alternative fuels," said Mark Cooper, CFA's Director of Research.

"To appreciate the tough spot we are in," added Cooper, "if we compare our remaining reserves in the U.S. to current levels of consumption and production, we find that proven reserves equal just three years of current consumption and just 12 years of current production."

## How Drivers Can Best Cut Costs and Gas Consumption

Americans can take steps to reduce the nation's oil import dependence not only by supporting CAFE increases, but also by maintaining their vehicles and driving them more economically. Below are CFA's top ten gas-saving tips.

1. **Check Your Air Filter:** A clean air filter can improve gas mileage by as much as 10%, and nearly one in four cars needs an air filter replacement. Changing a dirty air filter can save the equivalent of 28 cents a gallon or carry you 23 more miles on a typical tank of gas.
2. **Straighten Out:** Poor alignment not only causes tires to wear out more quickly, but also forces your engine to work harder, which can reduce gas mileage by as much as 10%. Fixing improper alignment would be like saving 28 cents per gallon.
3. **Tune Up:** A properly tuned engine can improve mileage by 4% which is like saving 11 cents a gallon.
4. **Pump 'em Up:** More than one-quarter of vehicles have improperly inflated tires. The average under-inflation of 7.5 lbs. causes a loss of 2.8% in fuel efficiency. Properly inflating problem tires is like knocking 8 cents off a gallon of gas.
5. **Check Your Cap:** It is estimated that nearly 17% of cars on the road have broken or missing gas caps, which reduce gas mileage as well as possibly harming the environment. Fixing or replacing a faulty gas cap is like saving 2 cents per gallon.
6. **Lose Weight:** For every 100 extra pounds carried around, your vehicle loses 1-2% in fuel efficiency. For every 100 lbs you unload, you're saving the equivalent of 4 cents per gallon.
7. **Don't Speed:** For every 5 mph you reduce highway speed, you can reduce fuel consumption by 7%. If you typically drive 70 on the highway and slow down to 65, it's the equivalent of saving 19 cents a gallon.
8. **Drive Smoother:** The smoother you accelerate and decelerate, the better your gas mileage, with potential gas savings of 33% on the highway and 5% around town. Consumers who currently drive erratically can pocket the equivalent 48 cents a gallon by driving more smoothly.
9. **Foot Off:** Riding with your foot on the brake not only wears out brakes but can also reduce gas consumption by as much as 35%. If you kick the habit of driving with your foot on the brake, you'll get the equivalent of 96 cents per gallon in savings.
10. **Don't Idle:** If stopped off the road for more than 30 seconds, turn off the engine. Don't "warm up" your car before driving -- it is not necessary. For every two minutes that you don't idle, you'll save the equivalent of nearly 1 cent per gallon.

"We estimate that if Americans practiced these tips gas mileage could be improved in total by about 13%," said Jack Gillis, CFA's Director of Public Affairs.

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*CFA is a non-profit association of 300 consumer groups established in 1968 to advance the consumer interest through research, education, and advocacy.*

## AMERICAN DRIVING AND MEMORIAL DAY WEEKEND: TIME FOR A CHANGE IN FUEL EFFICIENCY

By the end of May, we will have spent about \$150 billion on gasoline, about \$50 billion of which is exported. We will have emitted about 1 trillion tons of carbon dioxide, a known green house gas (GHG).

The end of May is symbolically significant; not only because it marks the beginning of the driving season, but it has been declared by some to be “dependence day.” Since we produce only about 40 percent of the oil refined in the U.S., by the last week in May we have refined more oil than we produce. In this sense, for the final seven months of the year, we are totally dependent on foreign sources of oil.

If legislation like the Markey-Platts bill or the bill reported out of the Senate Commerce Committee had been enacted a decade ago, and been enforced, we would be in better shape today. This legislation would require a 1 mile per gallon increase in fuel efficiency each year for ten. The average fuel consumption for cars and trucks would be about 30 miles per gallon (MPG), instead of 20 MPG. Americans and America would have spent \$50 billion less on gasoline, sent \$17 billion less over seas, and emitted 330 billion tons less of Carbon Dioxide. We would also have pushed dependence day back by three weeks.

### GASOLINE CONSUMPTION, EXPENDITURES AND GREENHOUSE GAS EMISSIONS

	END OF MAY <sup>1</sup>		PROJECTED FOR 2007 <sup>2</sup>	
	Avg. 2007 @ 20 MPG	Savings @ 30 MPG <sup>3</sup>	Avg. 2007 @ 20 MPG	Savings @ 30 MPG
Gasoline Consumption (Gallons)	59 Billion	19 Billion	140 Billion	46 Billion
Total Spending <sup>4</sup> (Billion)	\$150	\$50	\$380	\$125
Imported Oil <sup>5</sup> (Billion)	\$50	\$17	\$130	\$43
Green House Gas Emissions <sup>6</sup> (Tons)	1.1 Trillion	330 Billion	2. Trillion	900 Billion

<sup>1</sup> Assumes average of 9.3 million barrels of gasoline consumed per day for January 1 through May 31.

<sup>2</sup> Assumes 1.023 percent growth in gasoline consumption over 2006.

<sup>3</sup> The Markey-Platts bill requires a one mile per gallon increase per year in fuel efficiency (or about 4%) for ten years. Since vehicles remain on the road for about 10 years, this means that just about every vehicle on the road would have had to meet the new standard. Of course, ten year old vehicles would have been only 4% more efficient, eight year old vehicles 8% more efficient, etc. Since the current average for new vehicles is just under 25 miles per gallon, we set the average of all vehicles at the mid point of the 10 year range, or 30. Thus, if Markey-Platts had been enacted years ago, the current fleet average would have been about 30 MPG, compared to the current average which is just under 21 MPG.

<sup>4</sup> Assumes average cost of \$3.00/gallon for the weekend. Rounded to nearest \$1 billion. Assumes \$2.65/gallon average year-to-date, rounded to nearest 10 billion. Assumes \$2.65/gallon for year 2007, rounded to the nearest 10 billion.

<sup>5</sup> Assumes 63 percent imports and \$60 per barrel, rounded to nearest 10 million.

<sup>6</sup> Assumes 19.3 pounds of tailpipe emission per gallon consumed. This does not include emissions caused by the production of oil, which would increase the total by about one-fifth.

## The Hard Reality of the U.S. Oil Addiction; We Consume Far Beyond our Resources

Respondents to the survey vastly overestimated the extent of U.S. crude oil resources. The United States consumes 25 percent of the total oil and gasoline consumed in the world, but has only 3 percent of the oil reserves. To appreciate the tough spot we are in, we can compare remaining reserves in the U.S. to current levels of consumption and production. Proven reserves in the U.S. equal just three years of current levels of consumption. Proven reserves equal less than 12 years of current of production. While more oil may be found, the domestic resource base is old and depleted and does not provide a long term solution for our oil addiction.

### Energy Basics 101

Basic Data by Fuel

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#### Petroleum (2005)

<a href="#">U.S. Crude Oil Production</a>	5,178,000 <i>barrels/day</i>
<a href="#">U.S. Petroleum Consumption</a>	20,802,000 <i>barrels/day</i>
<a href="#">U.S. Proved Reserves of Crude Oil (2004)</a>	21,371 <i>million barrels</i>

Source: Energy Information Administration,  
<http://www.eia.doe.gov/basics/energybasics101.html>

Current Production = 5,178,000,000 \*365 = 1,889,970,000

Annual Consumption = 20,802,000 \* 365 = 7,592,730,000

Proven Reserves = 21,371,000,000

Years supply of proven reserves at current levels of demand  
= Proven Reserves/Annual Consumption  
= 21,371,000,000/7,592,730,000  
= 2.8 years

Years supply at current level of production  
= Proven Reserves/Current Production  
= 21,371,000,000/ 1,889,970,000  
= 11.3 years

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