



## Consumer Federation of America

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### **CONSUMER FEDERATION OF AMERICA RESPONDS TO PRESIDENT'S CALL FOR MORE FUEL EFFICIENT BIG TRUCKS**

#### ***Cutting Fuel Consumption of Heavy-Duty Trucks Will Save American Households \$29.5 Billion***

Washington DC—In his recent State of the Union speech, President Obama called for improved fuel efficiency in the millions of semi-trucks, large vans, buses, and other large trucks – known as “medium and heavy-duty trucks” – that ply America’s highways. A new report from the Consumer Federation of America finds that new efficiency improvements for big trucks – driven by smart policy – would save the average American household \$250 dollars per year in the cost of consumer goods and services.

“We know that the fuel costs associated with shipping goods cross country heavily impact the price of everything from a carton of milk to a pair of shoes. Strong standards that cut fuel use by nearly 50 percent could put \$29.5 billion dollars back into the pockets of Americans,” said Dr. Mark Cooper, CFA’s Director of Research and author of [\*Paying the Freight: The Consumer Benefits of Increasing the Fuel Economy of Medium and Heavy-Duty Trucks\*](#).

Released today, *Paying the Freight* examines the costs of energy used by medium and heavy-duty trucks, the potential for energy savings among these vehicles, and the positive impact that their increased fuel efficiency will have on America’s households. “There is no question that reducing ‘big truck’ fuel consumption will save the industry money, reduce our dangerous dependence on foreign oil, improve the environment, and put hundreds of dollars back into consumers pocketbooks each year,” said Jack Gillis, CFA’s Director of Public Affairs and author of *The Car Book*.

The new report builds on CFA’s previous work that examined how consumers would be impacted by higher fuel economy standards for passenger vehicles. “As we found with the recently adopted 54.5 MPG standard for light-duty cars and trucks, consumers will benefit when heavy-duty trucks go farther on a gallon of fuel,” said Cooper.

Over the past decade, public opinion polling by CFA has revealed widespread support for energy efficiency standards for consumer durables, including vehicles. Because gasoline costs are

such a large household expense – in 2010, households spent about \$2,130 on gasoline – it is not surprising that consumers themselves consistently support standards that are proven to save them money.

“While direct household expenditures on gasoline are significant, they are only part of what households spend on energy. Consumers also pay the cost of commercial transportation fuel in the price of the goods and services they buy. As such, reducing the energy consumption of big truck fleets will have a positive impact on household expenditures,” said Cooper.

When fuel prices rise, so does the cost of consumer goods due to transportation costs. Conversely, because of competition, a reduction in transportation costs will result in lower cost of goods for consumers. “The 54.5 MPG standard for passenger vehicles is a win, win, win, win for car companies, auto workers, consumers, and environmentalists. We have no doubt that aggressive but achievable medium and heavy-duty truck standards will provide the same across-the-board benefits,” said Gillis.

Both consumers and industry recognize that reducing vehicle fuel consumption is in everybody’s best interest. “One of the reasons we believe a strong fuel efficiency standard for heavy-duty trucks will be implemented is because key components of the trucking industry are also seeking ways to reduce the enormous impact of fuel expenditures on their costs,” said Gillis.

In 2011, the federal government adopted a fuel economy standard for the trucking sector for the first time. The new trucking sector rules are due to take effect this year and will be applied through 2019. Adopting more ambitious standards post-2019 would yield the savings outlined in *Paying the Freight*.

*The Consumer Federation of America is an association of more than 260 non-profit consumer groups that, since 1968, has sought to advance the consumer interest through research, education, and advocacy.*

Paying the Freight: The Consumer Benefits of Increasing the Fuel Economy of Medium and Heavy-Duty Trucks

## **Executive Summary**

### **Consumer Federation of America Calls for a Strong Big Truck Efficiency Standard**

Today’s report, entitled [\*Paying the Freight: The Consumer Benefits of Increasing the Fuel Economy of Medium and Heavy-Duty Trucks\*](#) examines the cost of energy used by these vehicles, the potential for energy savings, and the positive impact that increasing their fuel efficiency will have on America’s households.

The CFA report *Paying the Freight* concludes that:

- American households pay over \$1100 per year due to medium and heavy-duty truck fuel costs. Without new standards, this amount is expected to grow considerably during the next two decades.
- Implementing fuel saving technologies could lower medium and heavy-duty truck fuel consumption by almost 50 percent and yield a net savings to consumers (after the cost of the technologies are recovered) of over \$250 per household per year.
- With standards, as fuel prices rise and transportation services increase, the potential household savings could rise to over \$400 per year by 2035.
- Because the transportation sector is very competitive, the related cost savings in fuel will be passed through to consumers.

Reducing commercial transportation fuel costs will also benefit the overall economy because:

- Reducing fuel expenses will reduce the cost of transportation and thereby increase the demand for transportation services, which will have a significant positive multiplier effect on the economy.
- Even as lower fuel costs increase the demand for transportation services, the net effect will be overall cost savings because the increase in efficiency is much larger than the increase in the demand for services.
- As pass-through transportation fuel costs for consumers decline, disposable income will increase, further stimulating economic growth and activity.

Reducing commercial transportation fuel costs will provide significant social benefits:

- The environmental impact of medium and heavy-duty trucks is significant and growing. Reducing their use of fuel will provide a major contribution to reducing pollution and greenhouse gas emissions.
- The potential for cutting commercial transportation fuel usage in half will significantly reduce our dependence on foreign oil thereby improving America's security.

The report concludes that like light-duty cars and trucks, performance standards are the most effective approach to achieving transportation fuel cost savings:

- They overcome the market barriers in the trucking sector that have prevented the implementation of many economic opportunities to save energy.
- In 2011, the trucking sector had a fuel economy standard applied for the first time. Even before 2014, when the standard is set to take effect, simply setting the standard stimulated significant progress and will produce significant savings. More aggressive standards will yield even greater savings.

The CFA report [Paying the Freight](#) explains how we derived the cost of fuel consumption by medium and heavy-duty trucks that is borne by households; identifies the magnitude and cost of the

reduction in fuel consumption that can be achieved in the medium and heavy-duty truck sector; examines why the medium and heavy-duty truck sector has failed to incorporate technologies that would lower fuel consumption on their own; and explains why performance standards are an effective policy to address this significant economic issue.