



Consumer Federation of America

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CFA Calls on All 50 States to Adopt the California Clean Cars Program

Report Finds Consumer Savings and National Security Benefits Reinforce the Environmental Justification for the Program

Washington D.C. – The Consumer Federation of America (CFA) today called on all 50 states to adopt the California Clean Car program citing its new study that shows large consumer savings and important national security benefits, in addition to its primary purpose of making a major contribution to the reduction of greenhouse gas emissions. CFA’s report entitled, *A Consumer Analysis of the Adoption of the California Clean Cars Program in Other States*, was released in conjunction with a letter urging the New Mexico Air Quality Board and the Albuquerque-Bernalillo County Air Quality Control Board to adopt the program.

“This program is a win-win for consumers and the nation,” said Dr. Mark Cooper, CFA’s Director of Research and author of the report. “While the environmental benefits of reduced emissions of pollutants and carbon dioxide (the most important global warming greenhouse gas) are the primary motivation for the Clean Cars program, we find it puts money into consumers’ pockets because gasoline consumption is lowered and it enhances national security because imports are reduced.”

Previous analyses have reached similar conclusions, but the CFA report seeks to strengthen the evidence in three ways:

- It standardizes assumptions across studies and presents a full set of net benefit measures to clarify the conclusion;
- It extends the analysis to take into account the indirect benefits to provide a more complete picture of the impact of the program; and
- It updates the cost of fuels and interest rates to ensure that the study reflects current conditions.

The report applies a consumer pocketbook test, which compares the increase in the monthly auto loan payment for vehicles that comply with the emissions standards to the reduction in operating costs that result from reduced gasoline consumption. It also conducts a societal cost-benefit analysis, which includes a social discount rate of 7 percent and an externality “adder” of \$2 per gallon to take into account the

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environmental, national economy, and national security benefits of reduced gasoline consumption.

For all nine types of vehicles examined, including cars and trucks with advanced automotive technologies and both conventional and alternative fuels:

- The operating cost savings exceed the increased loan payment and
- The societal benefits far exceed the costs.

“The spread of the Clean Cars program to over a dozen states is an example of U.S. federalism at its best,” Cooper noted. “We have a pressing national – even global problem – but the Federal government has been slow to act. States are stepping up to do the job.”

“The Clean Cars program adopted by the states would go hand in glove with the two approaches to reducing greenhouse gas emissions most frequently talked about in Washington D.C.”

- “If Congress put a cap and trade system in place, automakers who comply with the state programs would earn credits that they could sell if Congress enacts a cap and trade program.”
- “If Congress goes for a carbon tax, automakers would find their compliant cars are less expensive for consumers.”

“Our public opinion polls show that consumers are increasingly concerned about all three issues – energy costs, oil imports, and global warming,” Cooper concluded. “The California Clean Cars program addresses all three concerns because the best way to reduce greenhouse gas emissions is to reduce gasoline consumption.”

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The Consumer Federation of America (CFA) is a non-profit association of 300 consumer groups with a combined membership of more than 50 million people. CFA was founded in 1968 to advance the consumer's interest through advocacy, research, and education.