



Consumer Federation of America

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FOR IMMEDIATE RELEASE

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NEW FUEL ECONOMY STANDARD WILL LOWER COST OF DRIVING FROM FIRST MONTH

*Consumer Groups to Identify Consumer Demand for
More Fuel Efficient Vehicles at Upcoming Public Hearings*

Washington, D.C. – At a press conference held jointly with Consumers Union, the Consumer Federation of America released a preliminary analysis of the consumer costs and benefits of the proposed new federal fuel economy standards. CFA will deliver its analysis at upcoming public hearings held by NHTSA and the EPA in Detroit, Philadelphia and San Francisco and in official comments to the two federal agencies at the end of January.

“We plan to testify on the immediate consumer pocketbook—not environmental—benefits of the new standard,” said Mark Cooper, CFA’s Director of Research. “And by far the single largest benefit of ‘54.5 by 2025’ is the reduction of consumer expenditures on gasoline. The consumer pocketbook savings for the typical consumer with a 5 year auto loan will be immediate and substantial.”

According to CFA’s analysis, the proposed higher fuel economy standards will lower the cost of driving from the first month because the reduction in gasoline expenditures is greater than the increase in the monthly payment to cover the cost of fuel saving technology. At the end of the auto loan, the consumer will have saved an estimated average of nearly \$800 by purchasing a new car that meets the standard. By the 10th year, the consumer savings exceeds \$3,000 and the original owner is likely to capture most of that value (through a combination of pocketbook savings and higher resale value).

GASOLINE PRICES ARE PLACING A HUGE BURDEN ON HOUSEHOLD BUDGETS

Over the past decade, gasoline prices have gyrated wildly around a strong upward trend that has seriously eroded the consumer’s financial condition. Last year, gasoline prices set a record high, averaging \$3.53 per gallon, pushing household gasoline expenditures to a record, as well, reaching an average of over \$2850 per year. Last year, gasoline expenditures were 40 percent higher than expenditures on home energy (electricity, natural gas, and heating oil). Ten years ago, they were 13% lower.

RISING GASOLINE PRICES HAVE CHANGED THE STRUCTURE OF THE COST OF DRIVING

Ten years ago, the cost of owning a vehicle was the largest component in the cost of driving, about three times as high as the cost of gasoline. Last year, the cost of gasoline exceeded the cost of owning a vehicle for the first time.

CONSUMERS WANT HIGHER FUEL ECONOMY STANDARDS

According to CFA's most recent consumer survey conducted by the Opinion Research Corporation, (April 14-18, 2011), given the burden on household budgets and the continuing problem of oil vulnerability, it's no surprise that 75 percent of respondents:

- are concerned about gasoline prices and dependence on Mid-East oil,
- believe we must reduce oil consumption, and
- support higher fuel economy standards.

CFA ESTIMATES TOTAL NATIONAL BENEFITS OF THE NEW STANDARD TO BE \$600 BILLION

“Overall, the draft standard will save consumers nearly \$500 billion, indirect national security and economic benefits will save over \$40 billion, the auto industry will add over 100,000 jobs, and environmental benefits will total \$60 billion,” said Cooper. “The consumer benefits are almost 3.4 times the cost of new technology—clearly an investment that will put consumers in the driver's seat when it comes to controlling gasoline costs,” said Jack Gillis, CFA's Director of Public Affairs and author of *The Car Book*.

THERE IS WIDESPREAD SUPPORT FOR ‘54.5 MPG BY 2025’

Because the proposed standards are beneficial, reasonable and achievable, they have been supported by nearly every critical element in the auto industry. This includes nearly all the auto makers, the labor unions that make the cars, and the people who buy and drive them. Ironically, the only opposition comes from the auto dealers—who are fearful of losing the profits they made from older, fuel inefficient vehicles. “However, if consumers today love their SUVs, they're going to love them even more when they use less gas,” said Cooper.

These standards also enjoy widespread support because of major improvements in the approach to setting standards.

- The new attribute-based approach ensures that the standards do not require radical changes in the types or sizes of vehicles that consumers drive; so the full range of choices will be available to consumers.
- The setting of a steady, long-term path gives, both, the industry and consumers time to adapt.
- Coordination between the federal and state agencies that set standards for both fuel economy and pollution emissions creates certainty that the auto makers and auto buyers desperately need.

“Not only will this new standard deliver major economic, national security, and environmental benefits to Americans, but it will put the U.S. auto industry on a path to global success,” said Gillis.

“Rarely has there been such an important public policy change embraced by so many – and for good reason, the proposed standard is a ‘win-win-win’ proposition that needs to be adopted,” said Cooper.

A copy of CFA's preliminary analysis and supporting charts and graphs demonstrating the clear benefit of the new fuel economy standards is available at:

www.consumerfed.org/pdfs/Consumer-Benefits-of-Proposed-Fuel-Economy-Standards-1-12-12.pdf.

The Consumer Federation of America is an association of nearly 300 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.