



## Consumer Federation of America

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### **FOR IMMEDIATE RELEASE**

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### **CONSUMERS WANT FUEL ECONOMY THEY CAN'T FIND**

*New Survey shows Dramatic Increase in "Great Concern" over Gas Prices and Middle East Imports; New Quarterly Report Shows Rising Gas Prices Not Enough to Suppress Oil Consumption*

Washington, D.C. -- Today, the Consumer Federation of America (CFA) released its first quarterly report tracking U.S. gasoline consumption, expenditures, oil imports and consumer attitudes as part of the organization's ongoing effort to decrease the nation's consumption of oil. The report finds that in the face of rapidly rising gasoline prices, decade-long trends of rising gasoline consumption, expenditures and oil imports have moderated but consumers want and need more fuel-efficient choices which automakers have been slow to supply. As the National Highway Transportation Safety Administration (NHTSA) prepares this week to release its first incremental rule to meet the 35 mile-per-gallon (mpg) fleetwide standard by 2020 recently set by Congress, CFA calls for an ever-increasing fuel economy standard to send a strong and consistent signal that prevents a lag in supply of fuel-efficient vehicles.

In a new CFA survey conducted by Opinion Research Corporation (ORC), the percentage of respondents who express "great concern" about gas prices over the next five years increased dramatically, rising from 46 percent in October 2006 to 73 percent in April 2008. At the same time, many more respondents perceive the national security risks of oil dependency, with the percentage of respondents who express "great concern" about U.S. dependency on Mid-Eastern oil increasing from 48 percent (October 2006) to 60 percent (April 2008).

"We have had three price spikes since 1973, but the only spike that caused a clear and sustained shift in gasoline consumption occurred after Congress mandated more fuel-efficient vehicles," said Mark Cooper, CFA Research Director. "Without a strong public policy requiring automakers to continue to increase the fuel economy of their fleets, consumers can do little to moderate their gasoline consumption, even as the price skyrockets."

*Ending America's Oil Addiction: A Quarterly Report on Consumption, Prices and Imports* shows that consumers are looking for cars that are much more fuel-efficient than the auto manufacturers have been providing. Controlling other factors, like weight and engine size, the report shows that a car sold in 2006 got 2.377 more mpg than one built in 2002, and trucks got .879 more mpg. But in the CFA survey, respondents said they wanted their next car to get higher fuel economy by nearly 7 mpg more than their current one. In addition, 60 percent of respondents said rising gasoline prices caused financial hardship, and 45 percent said they were driving less.

"To decrease oil imports and ease consumer pain at the pump, it will take more than the Congressional standard of 35 mpg fleetwide," said Jack Gillis, author of the Car Book and CFA's Director of Public Affairs. "Congress must continue to raise the standard; NHTSA must establish

aggressive interim rules; automakers have to build and market more fuel-efficient cars, and consumers must buy them. ”

Rising prices have driven total gasoline expenditures up dramatically, the report shows, with expenditures in the first quarter of the year alone climbing from \$40 billion in the first quarter of 2002 to over \$100 billion in the first quarter of 2008.

“Household expenditures on gasoline have more than doubled in the same time. In the first quarter of 2008 alone, households spent almost \$600 more on gasoline than they did six years ago,” Cooper added, “and yet gasoline consumption has barely inched downward.”

When comparing the fuel economy of vehicles made by General Motors and Toyota in 2002 and 2006, the analysis revealed Toyota’s mileage improved significantly, both because consumers shifted their purchases to more fuel-efficient categories of vehicles, and Toyota, on average, offered significantly more fuel efficient models. GM, on the other hand, improved its average fuel economy only slightly because consumers shifted their purchases between categories, but GM did not offer, on average, a significantly more fuel efficient slate of vehicles.

“Clearly the automaker with the most fuel-efficient vehicles wins,” said automotive expert Jack Gillis, CFA Director of Public Affairs.

“High gasoline prices only go so far in reducing our nation’s oil addiction,” said Cooper. “Automakers must increase the supply of fuel-efficient vehicles, and consumers must continue to demand them. The only way to ensure that happens is to continue to increase CAFE standards and implement them aggressively.”

The report analyzes historical trends of consumer response to gasoline price spikes. After the 1973 Arab oil embargo, prices spiked but consumption decreased only slightly. In 1975, Congress passed the first Corporate Average Fuel Economy (CAFE) standards requiring a doubling of car fuel economy in ten years. In 1979, prices spiked after the Iranian revolution, and gasoline consumption dropped sharply by historical standards. More importantly, the growth of gasoline consumption slowed in the 1980s, even though prices declined after the 1979 spike, because fuel economy standards were raised. The increase of gasoline prices since 2002 rivals the price shock following the Iranian Revolution, but in the absence of higher CAFE standards, consumers have not had fuel-efficient alternatives, according to the report. The recent passage of increased fuel economy standards (35 mpg by 2020) might help ameliorate the situation if NHTSA is vigilant in setting strong incremental rules and doesn’t bow to industry pressure, according to CFA. The first NHTSA ruling is expected to be released April 28<sup>th</sup>.

The recent CFA survey of 1,004 representative Americans was conducted by Opinion Research Corporation (ORC) during the first week of April. Earlier CFA surveys were conducted by ORC in July 2007 and October 2006. The margin of error in all surveys is plus or minus three percentage points.

The report is available at [http://www.consumerfed.org/pdfs/First\\_Quarterly\\_Gas\\_Report\\_2008.pdf](http://www.consumerfed.org/pdfs/First_Quarterly_Gas_Report_2008.pdf)

*CFA is a national non-profit group that seeks to advance the consumer interest through research, education, and advocacy. Founded in 1968, the federation has more than 300 organizational members.*