



Consumer Federation of America

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CFA CALLS FOR STRONG BIG TRUCK FUEL EFFICIENCY STANDARDS AS HOLIDAY SHIPPING COSTS HIT CONSUMER POCKETBOOKS

The Fuel Used by Big Trucks Costs American Households \$1,100 Annually – 2014 Holiday Shipping Up Over 10%

Washington D.C. – The average American household spent an extra \$1,100 on goods and services to cover the cost of fuel that delivers those items¹. This holiday season, shippers are estimating an increase of 9 to 13 percent in holiday shipping, which could translate into even higher costs for consumers down the line. The good news is the Environmental Protection Agency and National Highway Transportation Safety Administration are working to create new fuel efficiency standards for big trucks—standards that would cut shipping costs and save consumer dollars. Similar fuel economy standards were put in place in 2012 for passenger vehicles, requiring them to get, on average, 54.5-mpg by 2025.

“Federal passenger vehicle fuel economy standards have created the most energy-efficient and cost-effective fleet of cars, trucks and SUVs the U.S. has ever seen and a strong big truck standard would have a similar impact,” said Jack Gillis, director of public affairs for the Consumer Federation of America and the author of *The Car Book*.

Big trucks now consume about 25 percent of the fuel used on our roads. Increasing heavy-duty truck fuel efficiency by 50 percent would cut fuel use and some of the savings would

¹ CFA Report: *Paying the Freight, The Consumer Benefits of Increasing the Fuel Economy of Medium and Heavy Duty Trucks*, 2/3/2014, <http://consumerfed.org/pdfs/Paying-the-Freight.pdf>

be passed through to consumers, saving the average American household about \$200 a year.² (Nationwide, this is over \$20 billion in savings!) According to the American Trucking Association, trucking's share of freight transportation is expected to grow by nearly 25 percent in 2025, and growth in shipping costs—including fuel—will be passed on to consumers. “Standards that increase the fuel efficiency of heavy-duty trucks will reduce the amount of money spent on fuel, and retail competition will ensure that these savings will benefit consumers,” said Gillis.

A 50 percent increase in truck fuel efficiency would raise the fleet average from its current 6-mpg to 9-mpg and save businesses tens of thousands of dollars per truck. Because big trucks are typically driven 120,000 miles per year, at \$3.07³ per gallon of diesel fuel, that increase would save 6,667 gallons of fuel and over \$20,000 per truck per year. The first round of heavy-duty truck fuel standards that went in to place in 2011, requiring a 20 percent increase in fuel economy by 2018, will generate savings of \$73,000 over the life of a 2018 model truck.⁴

Fuel Economy Standards Save Consumers Money

The increase in passenger vehicle fuel economy standards authorized by the Energy Independence and Security Act of 2007 have already saved individual consumers hundreds of dollars. Since 2008, the average fuel economy of new cars sold in the U.S. has increased from 21-mpg to 25.6-mpg (2014), resulting in average fuel savings of over \$425 per year for the average 2014 car.⁵ The 54.5-mpg by 2025 standard is expected to save individual consumers thousands of dollars in fuel costs.

“The past few years have demonstrated just how effectively passenger vehicle fuel economy standards work,” said Mark Cooper, director of research for the Consumer Federation of America. “Like the direct gas pump savings consumers saw with passenger car standards, a strong truck standard, would allow for lower costs on shipped goods and services, which would also put money back into consumer pockets.

² Based on the national average diesel cost of \$3.07/gallon projected for 2015 by U.S. Energy Information Administration <http://www.eia.gov/forecasts/steo/?src=home-b1>

³ The national average cost of diesel EIA projects for 2015, <http://www.eia.gov/forecasts/steo/?src=home-b1>

⁴ <http://www.whitehouse.gov/sites/default/files/docs/finaltrucksreport.pdf>

⁵ Based on driving 15,000 miles per year and gasoline prices of \$3.34 per gallon, calculated using 2014 YTD weekly gas price averages from EIA, <http://www.eia.gov/petroleum/gasdiesel/>

Using the most recent price projections from the Energy Information Administration for gasoline and diesel, which reflects a substantial drop in fuel prices; we find consumers can realize substantial savings from higher fuel economy standards. “The best way to insulate the household budget from wild swings in fuel prices is to have more fuel efficient vehicles that consume less. Reducing fuel consumption helps to undermine the price setting power of the global oil cartel,” said Cooper.

Consumers Support Tougher Fuel Economy Standards

In addition to saving consumers money, the current passenger vehicle standards were adopted with an unusual consensus of support from the auto industry, business leaders, environmental groups, labor organizations and everyday Americans. In March of 2010, 65 percent of Americans supported a 50-mpg fuel economy standard. As the new standards started to save consumers money, that support has increased to 83 percent in our latest consumer survey in May of 2014. In the meantime, the auto industry has increased its sales every year since the new standards were put into place, selling over one million more cars in 2013 than it did in 2012 and for 2014, the industry is on track to beat 2013 by 6 percent. “The bottom-line: increased passenger vehicle requirements did not hurt sales,” said Gillis.

Consumers Want Tougher Fuel Efficiency Requirements for the Nation’s Big Trucks

Support for fuel economy standards for big trucks is similarly strong. A July 2014 poll of consumer attitudes found that 74 percent of respondents supported increased standards for heavy-duty trucks. This is despite the fact that only 56 percent of respondents are aware of the impact that truck fuel inefficiency has on their pocketbooks. (ORC International survey commissioned by CFA and conducted May 1-4, 2014 by landline and cellphone with a margin of error of +/-3 percent)

“One of the side benefits of the passenger car standard is that it has kept U.S. produced vehicles competitive on the worldwide market. Heavy-duty truck standards will do the same thing, while benefiting consumers and keep the trucking industry’s U.S. market strong,” said Cooper.

“We are confident that the U.S. Environmental Protection Agency and National Highway Transportation Safety Administration can set reasonable standards that will increase the fuel economy of big trucks by 40 percent to 50 percent. These standards will save both consumers and the industry money that will be spent on growing the economy rather than burning oil,” said Gillis.

The Consumer Federation of America is an association of more than 250 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.

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