



Consumer Federation of America

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NEARLY THREE-QUARTERS OF AMERICANS NOW ARE HIGHLY CONCERNED ABOUT FUTURE GASOLINE PRICES, UP FROM TWO-THIRDS EARLIER THIS YEAR

Lower-Income and Rural Households Are Most Concerned and Are Being Hit Especially Hard by Rising Prices

Washington, D.C. -- Nearly three-quarters (74%) of a representative sample of over 1,000 Americans are highly concerned (5 on a 1-5 scale) about gasoline prices over the next five years, according to a very recent national survey commissioned and released by the Consumer Federation of America. In a CFA-commissioned survey conducted earlier this year (February), less than two-thirds (65%) of Americans expressed this level of concern.

Households are conservatively estimated to spend an average of \$1,948 this year on gasoline prices (assuming \$2.25/gallon), according to a CFA economic analysis. That figure is up from \$1,342 only three years ago (2002), an increase of 45%.

"As gasoline prices have risen, so have consumer concerns," said Jack Gillis, CFA Director of Public Affairs and automotive expert. "As Katrina's devastation pushes up gas and oil prices even further, consumer concern about energy prices could turn from a priority to a preoccupation," he added.

Lower-Income and Rural Households Most Concerned and Are Being Hit the Hardest.

Well over four-fifths (84%) of households with incomes under \$25,000 are now highly concerned about the future of gasoline prices. That compares with great concern voiced by less than three-quarters (72%) of these households earlier in the year. (Great concern was recently expressed by only 62% of households with incomes of at least \$75,000.)

This concern among the least affluent can be largely explained by the economic impacts of rising gasoline prices on these households. According to CFA's economic analysis, households with incomes under \$15,000 -- about one-fifth of all households -- this year will spend, on average, more than one-tenth of their income (10.4%) just on gasoline.

Rural households are also especially concerned and impacted by rising gasoline prices. More than four-fifths (82%) of Americans living outside urban areas recently expressed great concern about the future of gas prices. That concern is up from 76% earlier this year. (Great concern was recently expressed by 71% of those in urban areas.)

CFA's economic analysis helps account for the difference between urban and rural concerns. It estimates that rural households gasoline expenditures will average \$2,087 this year, compared to only \$1,705 for those in urban areas. Rural Americans are paying an estimated 22% more for gasoline than their urban counterparts largely because they must drive greater distances.

"Those with modest incomes living in rural areas are being hit especially hard by rising gasoline prices," noted CFA Executive Director Stephen Brobeck. "They must drive the longest distances, cannot turn to mass transit, and cannot afford to move into more expensive urban areas," he added.

An Increasing Majority of Americans Also Express Great Concern About U.S. Dependency on Mid-Eastern Oil

Well over one-half (56%) of Americans express great concern (5 on a 1-5 scale) about U.S. dependency on Mid-Eastern oil over the next five years, according to the CFA survey. That great concern is up from one-half (50%) earlier in the year (February).

Lower-income Americans and those who have reached middle-age are especially concerned about this oil import dependency. More than three-fifths (62%) of those with incomes under \$35,000 are highly concerned about this dependency. And two-thirds of those at least 45 years of age are highly concerned, perhaps because they remember the high prices and great inconveniences imposed by the Arab oil embargo of the late 1970s.

"Public concern about our dependence on oil imports is well-founded," said CFA Research Director and energy expert Mark Cooper. "Our reliance on these imports continues to grow -- from 60% today to more than 75% by 2024, according to recent U.S. Energy Information Administration estimates. And any cut-off from many increasingly unreliable foreign sources would dramatically hike oil prices," he added.

What Consumers Can Do About High Gasoline Prices

To immediately reduce their gasoline costs, consumers must either drive more efficiently or drive less. They can switch to more fuel efficient vehicles, maintain these vehicles so they use fuel more efficiently, or drive fewer miles. In coming months, CFA will release information which consumers can use to more effectively put these principles into practice.

Consumers can also urge public policy-makers at the state and federal levels to more seriously address the problem of rising gasoline prices, including support for measures that would increase the fuel efficiency of our motor vehicle fleet. That fleet currently is the number one user of oil in the U.S. A CFA analysis four years ago showed that if the fuel efficiency of the

vehicle fleet had increased in the past decade and a half as rapidly as it had in the 1980s, our nation would consume one-third less gasoline. The oil savings would be roughly two million barrels of oil per day. That would have relieved the pressures on refineries and world prices, and cut our imports by one-sixth.

CFA Survey Undertaken by Opinion Research Corporation

The recent survey of 1,004 representative Americans was conducted by Opinion Research Corporation (ORC) during the past week (August 25-28). An earlier CFA survey was conducted by ORC in February. The margin of error in both surveys is plus or minus three percentage points.

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 some 300 organizational members.