



Consumer Federation of America

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LARGE MAJORITY OF AMERICANS REMAIN CONCERNED ABOUT GAS PRICES AND OIL IMPORTS

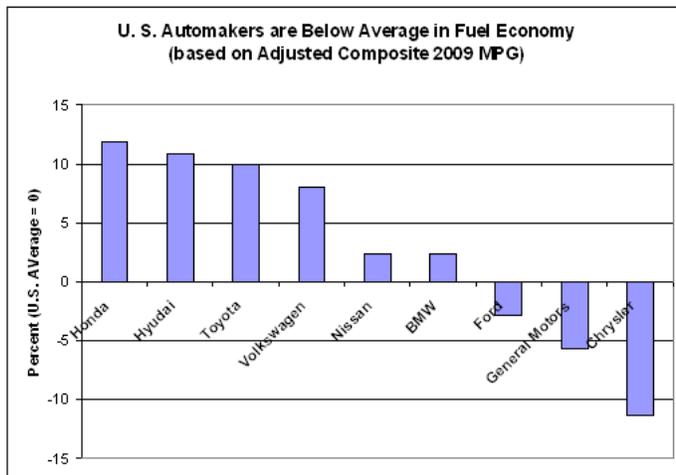
New Survey Shows Strong Support for Aggressive Government Intervention Data From Latest Obama Administration Proposal Shows 45 mpg Possible by 2020

Washington, D.C. – In advance of one of the biggest driving weekends of the year, the Consumer Federation of America (CFA) released its latest energy survey showing that, despite lower gasoline prices, an overwhelming majority of Americans (78%) still support higher vehicle fuel economy standards. The results reflect widespread concern over future gas prices and U.S. oil imports and a consistent demand for less gas guzzling vehicles. In spite of these attitudes, according to new CFA research, only a tiny share (4%) of the 2010 model year vehicles achieves 30 mpg or more. According to Administration rulemaking data, a new CFA analysis finds that automakers can achieve 45 mpg by 2020, at a cost beneficial to consumers.

“This is a case of utter market failure – consumer demand is not being met by vehicle supply,” said Mark Cooper CFA Director of Research. “It’s a vicious cycle that is fueled by the National Highway Transportation Safety Administration because they cannot set long-term aggressive standards. Our research shows that consumers want, and the industry needs for its own survival, higher fuel economy standards.”

EPA Should Take the Lead In Developing New Standards

CFA leaders called on the Obama Administration to put the Environmental Protection Agency (EPA) in charge and set standards to achieve 45 mpg by 2020 and much higher levels in the future to avoid future market failure.



“There is no question that the EPA should take the lead in developing the next generation of standards for the sake of the consumer and the industry,” continued Cooper. “NHTSA not only has statutory limits that prevent long-term planning, but they have a history of close alignment with the domestic car companies, whose current financial woes stem from a lack of fuel efficient vehicles. If they were not in such bad shape, NHTSA could have set the 2016 standard at more than 38 mpg. To avoid even greater market failure, and the demise of our domestic industry, EPA needs to

Source: Environmental Protection Agency, *Light Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 Through 2009*, November 2009, p. v.ii.

set long term aggressive standards. The most recent data from EPA shows that the U.S. automakers continue to lag behind the foreign automakers on fuel economy and the farther behind the individual company, the worse the financial condition they are in.”

“Ironically, foreign based manufacturers are doing a far better job of responding to consumer demand for fuel efficiency than are the U.S. automakers,” said Jack Gillis CFA Director of Public Affairs and author of *The Car Book*. “Our analysis of model offerings show Asian manufacturers offering nearly twice as many 2010 vehicles getting 30 mpg and above than U.S. companies,” said Gillis.

New Consumer Survey Shows Great Concern About Gas Prices

The new survey found 78 % of Americans support increasing fuel economy standards to 35 mpg by 2016 (See table 3 following). Despite current gas prices below \$3 a gallon, a large majority remain concerned about future gas prices (74%) and dependence on Middle-Eastern oil (70%). By comparison, looking to the next five years, 46% are concerned in the short term about global warming. As table 1 below shows, public opinion on these issues has remained consistent over the nearly 5 years of CFA consumer surveys.

1. Public Concern about Key Energy Issues (great concern in parentheses)			
	<u>Gasoline Prices</u>	<u>Middle Eastern Oil Dependency</u>	<u>Global Warming</u>
November 2009	74% (55%)	70% (49%)	46% (33%)
January 2009	76 (60)	76 (60)	55 (40)
April 2008	85 (73)	76 (60)	52 (37)
July 2007	82 (65)	74 (52)	61 (46)
October 2006	67 (48)	64 (48)	51 (36)
May 2006	81 (67)	73 (54)	54 (38)
August 2005	86 (74)	75 (56)	55 (31)
February 2005	81 (65)	70 (50)	49 (33)

Source: CFA consumer survey (ORC) February 2005 - November 2009

"The persistence of widespread concern about gas prices and dependence on oil imports shows a strong base of public support for significant improvements in motor vehicle fuel economy," said Cooper. "Stronger fuel economy standards not only respond to clear consumer expectations but will be critical to the survival of the U.S. auto industry."

New CFA Analysis of Administration’s Proposed Rulemaking Shows 45 mpg by 2020 Possible

In the economic analysis released today, CFA shows, using the Administration's own rulemaking data, that the automobile industry is capable of achieving fleet-wide fuel economy of 45 mpg by 2020 with off-the-shelf technology. Further, if the rate of innovation continues at the same pace as in the over the next decade, as it NHTSA projects for the next six years, constant, automakers could easily achieve much higher standards in the future. Reviewing the economic underpinnings associated with the new standards, it is clear that any costs associated with effective new standards will actually save money, the report concludes.

“The EPA/NHTSA data show that much higher levels of fuel economy than NHTSA/EPA is suggesting will save consumers money from the day they buy the car or truck,” said Cooper. “Any increase in monthly payments is more than offset by monthly gas savings. With costs of efficiency declining and the value of fuel savings rising, this consumer benefit should continue as higher standards are set.”

Car Companies are Still Not Providing the Fuel Efficient Cars Consumer Want

In its latest analysis of the how the new models stack up in fuel economy, CFA discovered that only 4% of the 1,040 EPA rated 2010 models have an overall fuel economy rating of 30 mpg and above.

“Given that the preponderance of fuel inefficient vehicles was a major factor in the crash of the U.S. automobile industry, it is shocking that so few of today’s vehicles get over 30 mpg,” said Jack Gillis. “Clearly an important reason for much, much stronger fuel economy requirements in the future is to protect the car companies from themselves,” added Gillis. “Consumers roaming through new car lots will only find 44 of the 1040 models offering 30 mpg or more.”

2. 2006-2010 Combined Fuel Economy Ratings Comparison using the Consumer Federation of America's Mileage Rating System (MRS)											
Mileage Rating Scale		2006		2007		2008		2009		2010	
Rating	Miles per Gallon	Number	%								
Excellent	Over 40 MPG	4	0.4%	2	0.2%	2	0.2%	2	0.2%	4	0.4%
Good	30-39 MPG	10	0.9%	10	0.8%	12	1.0%	25	2.1%	40	3.8%
30 MPG and Above		14	1.3%	12	1.0%	14	1.2%	27	2.3%	44	4.2%
Fair	20-29 MPG	429	39.9%	482	40.7%	499	41.7%	495	41.9%	552	53.1%
Poor	Under 20 MPG	633	58.8%	690	58.3%	685	57.2%	660	55.8%	444	42.7%
Under 30 MPG		1062	98.7%	1172	99.0%	1184	98.8%	1155	97.7%	996	95.8%
Totals		1076	100%	1184	100%	1198	100%	1182	100%	1040	100%

Totals for each year include all vehicles with EPA fuel economy estimates from 2006 to 2010. Combined fuel economy estimates were calculated using the EPA estimate of 55% city and 45% highway driving. 2006-2007 MPG ratings were converted to the 2008 EPA rating, which factors in faster speeds and acceleration, air conditioner use, and colder outside temperatures, using the calculator provided by EPA.

Consumer Federation of America's Mileage Rating Scale (MRS): CFA developed the MRS as an easy way for consumers to identify better performing vehicles and to monitor industry improvements. As indicated in the chart, there are 4 possible mileage ratings covering various MPG ranges.

Consumers Want More Fuel Economy Information

"During these hard economic times and expecting higher gas prices in the future, consumers are calling out for help," said Gillis. The CFA survey asked a series of specific questions regarding information consumers want policymakers to provide to improve fuel efficiency and cut gasoline expenses.

- **Advertising:** Consumers support requiring auto companies to include mpg ratings in all TV and print ads for new cars (80%).
- **Dashboard MPG Gauges:** There is much support, 75%, for requiring auto companies to include a dashboard gauge indicating miles per gallon as you drive.

- **Used Car Mileage Stickers:** As mileage disclosures are required on new cars, 80% of Americans think auto dealers should be required to include an estimated MPG disclosure on used cars. With minor modifications, the EPA website could easily enable used car dealers to print out a distinctive label for the vehicles on their lot. “This simple step could instantly empower the 75% of car buyers who buy used versus new vehicles,” said Gillis.

3. WHAT INFORMATION DO CONSUMERS WANT?		
Provide more fuel economy information by requiring:	Approve	Oppose
Auto companies to include MPG on all TV and print ads for new cars	80%	16%
Auto companies to include dashboard gauge indicating miles per gallon as you drive	75	22
Auto dealers to include an estimated MPG disclosure on all used cars	80	17
Federal agencies should increasing fuel economy requirements from 27 today to 35 MPG in 2016	78	19

Source: CFA consumer survey (ORC) November 2009

Other Fuel Efficiency Measures Receive Less Support

The public has mixed feelings about establishing price incentives and disincentives to encourage the purchase of fuel-efficient cars. Only 40% support feebates (requiring surcharges for fuel inefficient vehicles and using that revenue to offer rebates to buyers of fuel misers) while 54% oppose them. Only 46% support revenue neutral workplace programs that discourage driving alone to work.

4. CONSUMER ATTITUDES TOWARDS OTHER PROGRAMS		
Incentives and disincentives to encourage improved fuel efficiency	Approve	Oppose
Feebates	40	54
Workplace programs that discourage driving alone to work	46	50

Source: CFA consumer survey (ORC) November 2009

This latest CFA survey was conducted November 12-15th and undertaken by the Opinion Research Corporation. The survey consists of a representative sample of more than 1,000 adult Americans and had a margin of error of +/- 3%.

TO OBTAIN THE CFA REPORT: A copy of the full report outlining key conclusions and policy recommendations in the CFA’s comments responding to EPA and NHTSA proposed rulemaking to establish fuel economy standards is available on CFA’s website, www.consumerfed.org, by clicking on What’s New at CFA, the report can be found under Media Material or by clicking [here](#).

The Consumer Federation of America (CFA) is a non-profit association of over 280 consumer groups that was founded in 1968 to advance the consumer’s interest through advocacy, research, and education.