



Consumer Federation of America

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CFA RELEASES BLUEPRINT FOR LOWERING GASOLINE COSTS THROUGH REDUCED OIL CONSUMPTION AND IMPORTS

Related Consumer Survey Shows Strong Support for Most Policy Recommendations

Washington, DC -- This morning the Consumer Federation of America (CFA) released a report -- "Blueprint for Energy Security: Addressing Consumer Concerns about Gasoline Prices and Supplies by Reducing Consumption and Imports" -- that advocates a broad array of measures to reduce gasoline consumption, related consumer expenditures, and oil imports. The report concluded that adoption of these measures could result, despite increases in miles driven, in lower gasoline consumption and oil imports in the year 2030 than in 2006.

At the same time, CFA released survey findings that show strong support for most of the report's policy recommendations, including disclosure of the fuel economy of all vehicle models advertised on TV and of all models sold, used as well as new, by car dealers.

The survey also revealed strong personal concern about gas prices and oil imports. A mid-May survey of 1,013 representative adults indicated that over four-fifths of Americans (81%) are concerned about gas prices over the next five years, with two-thirds expressing strong concern (i.e., 5 on a 1-5 scale). The same survey found that nearly three-quarters (73%) are concerned about U.S. dependency on Mid-Eastern oil over the next five years, with more than half (54%) expressing great concern.

"Americans continue to be very anxious about gas prices and oil imports," said CFA Executive Director Stephen Brobeck. "They strongly support innovative measures to restrain related consumer costs and decrease our oil dependency," he added.

One of the report's most striking findings is that, with \$3/gallon gas, over the next 25 years, technological improvements can double the average fuel efficiency of the consumer vehicle fleet -- from 21 to 42 miles per gallon -- and pay for themselves through lower gasoline consumption. (Report available at www.consumerfed.org/pdfs/Energy_Blueprint.pdf)

"Fuel efficiency improvements that raise the average fuel economy of new cars sold to 50 miles per gallon by 2030 will pay for themselves on a monthly basis," said CFA Research Director Mark Cooper. "The cost of these improvements embedded in sales prices will be offset by lower gasoline expenses," he added.

The report also concludes, however, that gasoline consumption and oil imports will not decline unless our entire society unites behind a serious effort to persuade manufacturers to make more efficient vehicles and consumers to purchase these vehicles, maintain them properly, and drive them more efficiently.

"To succeed, we must treat this challenge as akin to overcoming the Great Depression, fighting World War II, providing an adequate safety net for America's seniors, and changing society's acceptance of smoking," said CFA Public Affairs Director and auto expert Jack Gillis. "Our country must unite behind bold new public and private initiatives that require a new way of thinking and acting," he added.

Blueprint for Energy Security Proposes New Fuel Efficiency Solutions

The CFA Blueprint for Energy Security outlines over 20 measures related to improvements in motor vehicles and to changes in the vehicles consumers purchase, and the way they maintain and drive these vehicles.

Fuel Efficiency Vehicle Mandates: Of paramount importance are more fuel-efficient vehicles. Through the use of currently available technologies, such as hybrids, and through alternative fuels, especially biofuels, there can be dramatic improvements in average fuel efficiency, resulting in less consumption and less dependence on foreign oil. These measures, if mandated, can dramatically improve the fuel efficiency of vehicles in all classes, including pickups and SUVs.

Consumer Purchase Incentives/Disincentives: The report proposes consideration of new purchase (and disposal) incentives and disincentives that include feebates, buybacks, and trade-in incentives. Revenue-neutral feebates would, for example, provide rebates on the purchase of fuel-efficient vehicles and charge fees on gas-guzzlers. Buybacks, like those for high polluting vehicles in many areas of California, would get old gas-guzzlers off the road.

Consumer Information Initiatives: Consumers would be more likely to purchase efficient vehicles and drive them efficiently if they had more information about the fuel economy of particular models. The Blueprint recommends disclosure of miles per gallon on ads for new cars, on the sale of used as well as new cars and on the dashboard of vehicles as they are driven. It also suggests consideration of a ban on TV ads for gas-guzzlers.

Consumer Vehicle Maintenance: The report recommends incorporation of fuel efficiency measures in state motor vehicle inspections. These inspections could check for fuel wasters such as under inflated tires, broken gas caps, and dirty air and oil filters.

Consumer Driving Incentives/Disincentives: The report proposes a serious national dialogue about a substantial new federal gas tax to stabilize gas prices at, say, \$4/gallon whose revenues are entirely rebated to drivers. It also suggests pricing auto insurance, leased cars, and rental cars to reflect differences in cost resulting from differences in annual miles driven.

Public Education: The report recommends the development of the kind of public education/social marketing campaign, which helped reduce smoking and drunk driving and dramatically increased safety belt use. This campaign would build support for meaningful institutional and individual changes that result in increased fuel efficiency.

Public Supports Most of These Solutions

In early May, CFA commissioned Opinion Research Corporation to survey a representative sample of more than 1000 adult Americans about their views on various measures to improve motor vehicle fuel efficiency. The survey's margin of error is plus or minus three percentage points.

As the table below shows, the public supports most of these measures, often strongly so.

| <u>Measure</u> | <u>Support (Strong)</u> | <u>Oppose</u> |
|--|-------------------------|---------------|
| Require auto dealers to indicate estimated mpg on all cars sold | 88% (61%) | 10% |
| Require auto cos. to increase production of alternative fuel vehicles from 3% today to 25% in 10 years | 85 (60) | 13 |
| Require auto cos. to include mpg of new car models in TV and print ads | 85 (52) | 13 |
| Require auto cos. to add dashboard feature indicating mpg as you drive | 78 (45) | 18 |
| Require auto cos. to greatly increase mpg of new cars as long as higher car prices are offset by lower gas costs | 78 (48) | 18 |
| Require insurers to give discounts to policyholders who drive less | 71 (44) | 27 |
| Use federal gas tax to maintain gas price at \$4/gallon but return revenues to drivers through a federal income tax credit | 47 (24) | 45 |
| Prohibit TV ads for gas guzzlers | 42 (21) | 51 |

"We were surprised how strongly the public supports most of these measures," said CFA's Gillis. "In fact, we were astonished that almost half the respondents support new federal gas taxes to maintain gas prices at \$4/gallon with return of this revenue to drivers through federal tax credits. On the other hand, we were also surprised by opposition to a prohibition on gas guzzler TV ads since restrictions on cigarette advertising played a role in the campaign against smoking."

"Critically important is strong public support for higher fuel efficiency standards if the cost of motor vehicle improvements can be covered by lower gas costs," noted CFA's Cooper. "Gasoline near \$3 per gallon changes the consumer math in favor of fuel efficiency," he added.

CFA to Seek Broad Support for These and Other Solutions

To achieve greater energy security, CFA believes that we must build broad-based support for social and political change among all those individuals and institutions, a large majority of the country, who suffer from higher gasoline prices, worry about increasing dependence on oil imports, or are concerned about global warming. This majority coalition must work in a nonpartisan and bipartisan fashion to help all Americans understand the critical importance of the oil crisis and the options for successfully mitigating it. In doing so, coalition members should not demonize opponents but seek to understand their interests and points-of-view, even considering accommodations such as assistance to U.S. car companies to build far more fuel-efficient vehicles.

To help build a national coalition and consensus, CFA will take this blueprint on the road across America to spur a national, state and local discussion of proposed solutions. We will meet with nonprofit, business and government groups and enlist organizations ready to work with us on state and federal solutions to the oil crisis. Ultimately, we aim to engage the consumer citizen in this campaign to secure our energy future.

In addition, at the national level, we will continue to prepare and release reports on the problems, causes, and solutions to high gasoline prices and rising oil imports. We will periodically survey consumers to learn how their views on related issues are changing, if at all. We will continue to talk to a variety of national groups who have an interest in these issues. And, we will advocate those policy reforms that have broad and deep consumer support.

Our commitment to this effort is based on the consumer and societal impact analysis found in the first section of our report. In brief, without intervention, rising gasoline consumption and oil imports will have adverse economic, geopolitical, and environmental effects.

CFA is a nonprofit association of some 300 consumer groups that was established in 1968 to advance the consumer interest through research, education, and advocacy.