



Consumer Federation of America

FOR IMMEDIATE RELEASE

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CAR MAKERS TRY TO SCARE WHITE HOUSE INTO EXEMPTING GAS GUZZLING SUVs FROM NEW FUEL ECONOMY STANDARDS

Car Makers Advertise Against the Government that Bailed Them Out

10 Reasons Why the President Should Set the Fuel Economy Standard at 56 MPG by 2025

Washington, D.C. – Along with intense lobbying efforts, the car companies are mounting an expensive advertising campaign attempting to explain why they don't want to improve the fuel efficiency of their vehicles. They are asking the White House to essentially exempt SUVs and light duty trucks from a reasonable, but steady, overall increase to 56 mpg by 2025 that wouldn't begin until 2017.

“This is the same shortsighted thinking that got the U.S. automakers in trouble in 2008 when gas prices caused them to be overloaded with gas guzzling SUV inventories that just wouldn't sell,” said Jack Gillis, CFA's Director of Public Affairs and author of *The Car Book*. “Not only is it economic suicide for the car companies to set themselves up for such a failure, but it is unlikely that U.S. taxpayers will bail them out again,” said Mark Cooper, CFA's Director of Research.

The Height of Irony: Car Makers Advertising Against the Government that Bailed Them Out

The car companies are running advertisements against “Washington” and the new requirements that would provide consumers with more fuel efficient vehicles—this is the very “Washington” that bailed them out when they got in trouble.

“In making their case, the car companies have trotted out the old fear campaigns that they've historically used to resist fuel economy and safety improvements over the years, claiming that automobiles will be more expensive, smaller and less safe and that consumers won't buy them,” said Gillis. “Their fear-filled predictions have been proven wrong, time and time again. We heard that requiring airbags would add thousands to the cost of a car and consumers wouldn't want them. We heard that publicizing crash test data was misleading, unfair and would not be understood by consumers. Well, today there is nary an

ad that doesn't tout the number of airbags or crash test performance," said Gillis.

"As they were then, the car companies today are flat out wrong with their claims of high technology costs, tiny cars, and consumer rejection of fuel efficient vehicles," said Cooper.

The Consumer Voice for Higher Fuel Economy Standards

While Ford has convinced the automakers to launch a national ad campaign *against* setting higher fuel economy standards, CFA and Consumers Union, publisher of Consumer Reports, are fighting back with a campaign of their own. "Consumer organizations are no match for the massive car company advertising budgets, but we think it is critical that the consumer voice be heard", said Gillis. The two consumer organizations plan a campaign that will include radio, print and online social media.

"While our resources pale in comparison to the giant Auto Alliance, we are determined to ensure that the economic benefits to consumers of a higher standard are taken into account and it's clear from our polling that consumers want more fuel efficient vehicles," said Cooper.

10 Reasons Why the President Should Set the Fuel Economy Standard to 56 mpg by 2025

Requiring 56 mpg by 2025 will:

1. Save consumers over \$6,000 per vehicle in gasoline costs over the vehicle's lifetime (compared to vehicles that meet the 2016 standard);
2. Double the fuel economy of new vehicles between 2008 and 2025;
3. Cut gasoline consumption by one-third;
4. Ensure U.S. car companies will be competitive in the U.S. and globally;
5. Substantially reduce our dependence on foreign oil;
6. Achieve widely accepted greenhouse gas reduction goals (40% by 2030);
7. Offset any increase in vehicle cost by immediate savings at the pump;
8. Stimulate competition, keep costs down and promote product diversity;
9. Ensure consumers will have vehicles they want (If they want SUVs they'll have them, but much more fuel efficient versions); and,
10. Provide a long-term approach (14 years from now) which is both sensible, achievable, and allows for a gradual adjustment by automakers and consumers.

On the other hand, here's what will happen if the car companies convince the President to "back-off" reasonable 56 mpg by 2025 requirements:

- Consumers will lose up to \$50 billion in gas savings;
- Gasoline consumption and oil imports will increase by hundreds of millions of barrels;
- Auto sector employment will lose 50,000 jobs; and,
- U.S. vehicles will be uncompetitive both here and in the global market.

"If the White House agrees to the various demands of the car companies, consumers will be paying literally billions of dollars more for gasoline than they should have to," said Cooper.

"The tragic irony is that reducing fuel economy requirements will ensure that U.S. vehicles remain uncompetitive in the global market," said Gillis. "The U.S. already has much lower fuel economy standards than the rest of the world. Low standards for 2025 will not only mean that our vehicles will be unpopular in the global market, but here in the U.S., foreign competition will again kill the U.S. automakers," said Gillis.

"We've clearly demonstrated that reaching 56 mpg by 2025 is both achievable and reasonable. (CFA Issue Brief: Setting the Record Straight on Increasing Fuel Economy Standards - June 2011 <http://consumerfed.org/pdfs/CFA-56MPG-by-2025-June-28-2011.pdf>) In addition, not only is it good for consumers, but it will reduce our dangerous dependence on foreign oil and ensure that the U.S. automakers remain competitive in a global market," said Cooper.

"On the other hand, the auto industry's 'slow-lane, off-ramp' proposal will totally undermine the essential benefit of a slow but steady climb to 56 mpg by 2025," said Cooper. "The industry's 'slow-lane' proposal will lower consumers' savings by up to \$50 billion, increase gasoline consumption and oil imports by hundreds of millions of barrels, and reduce employment in the auto sector by at least 50,000 jobs," said Cooper.

"If the administration accepts the automakers gambit, the President cannot possibly achieve his stated goals of reducing our nation's dependence on foreign oil," said Cooper.

The Consumer Federation of America is a nonprofit association of nearly 300 consumer groups that, since 1968, has sought to advance the consumer interest through research, advocacy, and education.