



The Costs of Delay

Fuel Efficiency and Auto Pollution Standards

CONGRESSIONAL RIDERS HAVE COST MONEY, JOBS, AND ENERGY SECURITY

Making our cars and trucks cleaner and more fuel efficient is the most effective policy step the United States can take to save money at the gas pump, cut global warming pollution from the transportation sector, and break the country's dangerous dependence on oil while creating new jobs.

Congress enacted the first Corporate Average Fuel Economy (CAFE) standards in 1975 in response to the OPEC oil embargo. In ten years, the program succeeded in nearly doubling the fuel efficiency of the country's new vehicles, becoming the most successful oil savings policy ever enacted by Congress.

The Lost Decade: Congressional Riders Froze Fuel Efficiency in the 1990s

Despite the success of CAFE standards in cutting America's oil dependence, the auto industry convinced its allies in Congress to include riders on the annual Department of Transportation (DOT) appropriations bills blocking the agency from setting new fuel efficiency standards. These riders stood in direct conflict to original intent of Congress that directed DOT to set fuel efficiency standards at the maximum feasible level.¹

These riders succeeded in blocking any real improvement in fuel efficiency standards throughout the 1990s.² This led to a long-term stagnation in new vehicle fuel efficiency for nearly 20 years. **By preventing the DOT from setting fuel efficiency standards, the average fuel efficiency of new vehicles sold in model year 2007 was lower than new vehicles sold in 1987.**³

The Costs of Delay: \$200 Billion in Increased Cost to Consumers

Because Congress allowed fuel efficiency standards to stagnate, America's oil dependence grew, forcing consumers to spend more at the gas pump, putting more heat-trapping pollution in the atmosphere, and costing American jobs. Today, America imports half of its oil, forcing the U.S. economy to send \$1 billion to other countries each day when oil reaches the \$100 per barrel mark.⁴

The Costs of Blocking Automotive Fuel Efficiency and Pollution Standards		
	Annual (2011)	Cumulative (1998-2011)
Increased Consumer Costs	\$45 billion	\$200 billion
Increased Gasoline Consumption	18 billion gallons	130 billion gallons
Increased Pollution	200 million metric tons CO ₂ -e	1,500 million metric tons CO ₂ -e

¹ To determine maximum feasible average fuel economy, the DOT was to consider technological feasibility, economic practicability, the impact of other motor vehicle standards, and the need of the nation to conserve energy.

² Note: Fuel efficiency standards for passenger automobiles remained flat in the 1990s while the only significant change to non-passenger automobile standards was to reverse a roll back that occurred in 1990.

³ United States Environmental Protection Agency. *Light-Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 through 2010*. November 2010. (EPA420-R-10-023). While there were small increases in non-passenger vehicle standards starting in 2005, the rise in sales of SUVs in the 1990s meant that those increases were simply overcoming the fact that new vehicle fuel economy had actually fallen compared to its peak of 25.9 mpg in 1987.

⁴ Based on U.S. Energy Information Administration data, net petroleum product imports between March 19th 2010 and March 18th 2011 averaged 9.6 million barrels per day. At \$100 per barrel, this equates to \$960 million dollars per day. EIA data available at: http://www.eia.doe.gov/dnav/pet/pet_move_wkly_dc_NUS-Z00_mbbldpd_w.htm

The delay imposed by Congress during the 1990s levied real costs on the American economy. Had these delays not occurred, the increased fuel efficiency standards developed under the Bush and Obama administrations could have been in place at least eight years earlier, leading to average fuel efficiency of 34.1 miles per gallon (mpg) by 2008.

Without Congressional delays, U.S. consumers would have saved 200 billion dollars (even after paying for fuel-efficient vehicle technologies) from 1998 through 2011; the country would have consumed 130 billion fewer gallons of gasoline during that time; and nearly 1,500 million metric tons of carbon dioxide emissions from vehicles would have been avoided—that is equivalent to the total emissions from automobiles in 2010.⁵ Instead, these benefits went unrealized and consumers were left with more pain at the pump as gasoline prices rose over that time. In addition, without stronger standards to drive them, a number of automakers failed to innovate and enhance fuel efficiency as gasoline prices were rising in this time period, exacerbating poor management and product decisions that led them into a severe financial crisis.

Getting Back on Track: New Fuel Efficiency and Auto Pollution Standards

After years of delay, America is getting back on track. In 2009, President Obama announced an agreement between the federal government and California to work together to create a single National Program of joint fuel efficiency and global warming pollution standards for model years 2012-2016. This harmonized program provides a mechanism for automakers to build a single national fleet of new vehicles that are in compliance with federal and state requirements under both the Clean Air Act and the Corporate Average Fuel Economy (CAFE) program. The agencies finalized the standards in April 2010, with broad support from automakers, the states, the UAW, and environmental advocates. The final rulemaking set fuel efficiency standards at 34.1 mpg and established global warming pollution standards of 250 grams per mile for new vehicles sold in model year 2016.

The administration is now working on the next round of standards, covering model years 2017-2025. Once again, the EPA and DOT are working to set joint fuel efficiency and global warming pollution standards, while also working collaboratively with the California Air Resources Board.⁶ Despite the lesson of the past, however, there are once again efforts to stop this progress just as it starts rolling. This time, instead of losing out on \$200 billion over more than a decade, Americans would miss out on at least \$100 billion in one year alone.⁷ For more information on the potential of the second phase of the National Program, please see UCS's factsheet, *The Road Ahead*—www.ucsusa.org/roadahead

Moving Forward: Defending Fuel Efficiency and Auto Pollution Standards

Setting strong new fuel efficiency and global warming pollution standards will save consumers money at the gas pump, create new jobs, cut global warming pollution, and reduce America's oil dependence. Congress should support the development of new standards and oppose any efforts to take away the agencies' authority or block their development and implementation. History has shown that freezing vehicle standards only hurts the U.S. economy by increasing our reliance on oil and exposing consumers to volatile gasoline prices. It is time to move forward and harness American innovation and technology to make all new vehicles cleaner and more fuel efficient.

⁵ This analysis assumes that actual fuel economy increases that occurred from 2005 through 2010 would have occurred from 1997 through 2002 and that fuel economy increases projected from 2011 through 2019 would have occurred from 2003 through 2011. Historical gasoline prices are based on data from the U.S. Energy Information Administration available at http://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_nus_a.htm. A gasoline price average of \$3.50 was used for 2011. \$1,500 per new vehicle was conservatively used as an (over)estimate of the incremental cost for improvements that would have been required to reach 34.1 mpg by 2008.

⁶ <http://yosemite.epa.gov/opa/admpress.nsf/1e5ab1124055f3b28525781f0042ed40/6f34c8d6f2b11e5885257822006f60c0!OpenDocument>

⁷ UCS calculations for the benefits in 2030 of reaching the strongest possible standards currently under consideration at a gasoline price of about \$3.60 per gallon.

A fully referenced version of this fact sheet is available online at www.ucsusa.org.

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National Headquarters
Two Brattle Square
Cambridge, MA 02138-3780
Phone: (617) 547-5552
Fax: (617) 864-9405

Washington, DC, Office
1825 K St. NW, Ste. 800
Washington, DC 20006-1232
Phone: (202) 223-6133
Fax: (202) 223-6162

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