

HIGH MPG VEHICLES: DEBUNKING THE FIVE BIG MYTHS

“Go60MPG” Sets Record Straight As Both New York Auto Show and DC ETDA Conference Near

NEW YORK CITY///April 14, 2011///Auto fuel efficiency is going up and high-MPG auto sales are surging today, but a handful of persistent myths continue to cloud the understanding of some policymakers and members of the general public, according to Go60MPG, a joint effort of Environment America, the National Wildlife Federation, the Natural Resources Defense Council, the Safe Climate Campaign, the Sierra Club, and the Union of Concerned Scientists.

Ahead of the New York International Auto Show being held April 22-May 1 in New York City and the Electric Drive Transportation Association (EDTA) 2011 Conference being held April 19-21 in Washington, D.C., Go60MPG is releasing the following list of five myths and facts:

1. MYTH: Americans don't want high MPG cars ... and aren't buying them.

FACT: High MPG car sales are rising sharply. The market has spoken – and it wants high MPG cars. March sales figures point to surging demand for hybrids and other fuel efficient cars. Michigan-based auto market expert Alan Baum's analysis shows sales of hybrids and clean diesels rose 46 percent from March 2010-March 2011, almost three times as fast as the overall market. The Baum data also show small cars and hybrids are the most in demands in the used car market, with the increase in the value of the Toyota Prius hybrids exceeding all other vehicles. (<http://baum-assoc.com/Documents/commentary%20on%20vehicle%20sales%20data%20apr11.pdf>)

With gasoline prices hovering at \$4 gallon, the hybrid market could be reaching a tipping point. (http://switchboard.nrdc.org/blogs/rhwang/2011_year_of_the_hybrid_last_w.html) As *USA Today* reported in an article last week titled “Prius sales top 1M as pump prices spur interest in hybrids”: “The first quarter this year, about 275,000 hybrids of all kinds were sold in the U.S., and about 141,000 of those were Priuses, says Kevin Riddell, auto analyst at consultant J.D. Power and Associates. His data show that hybrids — and a handful of pure electric cars — made up 2.4 percent of new vehicle sales last year, and he forecasts they'll make up 4.5 percent in 2012, a fast pace driven by new models from Toyota and others in the interim. That's a strong showing, considering hybrids are priced higher than similar gasoline cars.” (<http://www.usatoday.com/money/autos/2011-04-06-prius-tops-one-million-in-sales.htm>)

2. MYTH: Detroit can't make money selling high MPG cars.

FACT: High MPG standards can be profitable for Detroit ... and also help boost U.S. MPG technology innovation. A March 2011 Citi report released by Ceres and the Investor Network on Climate Risk shows that stronger fuel efficiency and global warming pollution standards will boost variable profits and sales in 2020 for the auto industry worldwide, with the Detroit 3 seeing the biggest financial benefits. The Detroit 3's variable profit gains would garner more than half of all increased profits. Walter McManus, an economist at the University of Michigan Transportation Research Institute (UMTRI) and Director of the Automotive Analysis Group, said: “Our research indicates that increasing industry average fuel economy to 42 miles per gallon by 2020 could raise industry variable profit by \$9.1 billion, or 8 percent. Most of the added profit, \$5.1 billion, could go to the Detroit 3.” (<http://www.ceres.org/Page.aspx?pid=1355>)

3. MYTH: Automakers oppose high MPG cars and will impede any progress along those lines.

FACT: Automakers understand that fuel efficiency is now driving auto consumer purchases. When asked to rate the importance of product attributes to consumer purchase decisions over the next five years, auto executives cite “fuel efficiency” the most frequently (91 percent) in the 2011 annual global automotive survey conducted by KPMG LLP survey, followed by safety innovation (82 percent), vehicle styling (77 percent), and environmental friendliness (75 percent). For the 12th annual survey, KPMG interviewed 200 global executives, representing vehicle manufacturers and suppliers, from October

through November 2010. (<http://www.kpmg.com/KZ/en/IssuesAndInsights/ArticlesAndPublications/Press-Releases/Pages/KPMG-International-presented-the-results-of-12th-annual-auto-survey.aspx>)

Automakers not only have made changes, but now admit that higher MPG standards is helping their competitiveness in a world of high gasoline prices, according to *Automotive News*: "Many automakers believe that the work they've done since the last big price surge, and in anticipation of higher government fuel efficiency standards, leaves them better prepared this time, with stables of more competitive small cars and crossovers."

(<http://www.autonews.com/apps/pbcs.dll/article?AID=/20110314/RETAIL07/303149972/1135>.)

4. MYTH: High MPG/low pollution car technology isn't ready for prime time.

FACT: High-MPG technology is already here – like turbochargers, direct injection, dual-clutch transmissions, lighter materials, and stop-start technology – and it is getting better every day. Dan Meszler of Meszler Engineering Services, who has analyzed transportation energy and air quality issues since 1982, said: "... technology exists to address a number of continuing inefficiencies associated with internal combustion engines. Between now and 2020 much of this technology is expected to mature, so that a 2020 CAFE requirement of 42 miles per gallon should produce consumer savings starting at gas prices of \$2.00 per gallon. Since current and expected future gasoline prices far exceed that price, these technologies driven fuel savings are extremely cost effective and indicate that a 42 mile per gallon CAFE program will not only reduce petroleum imports, but save consumers money." Suppliers of these technologies - from turbochargers to direct injection, dual-clutch transmissions and more - will benefit even further under a new fuel economy standard requiring improvements of 6 percent a year between 2017 and 2025. (<http://www.ceres.org/Page.aspx?pid=1355>)

Steven Plotkin, a researcher at Argonne National Laboratory, said many of the technologies for lowering CO₂ emissions are already available from the same manufacturers that had once declared them to be impossible. Turbocharged four-cylinder engines, for example, are able to replace six-cylinder power plants; with no decline in performance and with reduced emissions. Lithium ion cathode technology licensed from Argonne is being used to improve the performance and increase the safety of the batteries being manufactured by South Korea's LG Chem for the Chevrolet Volt. (<http://blogs.physicstoday.org/politics/2011/01/cutting-co2-transportation-emi.html>).

Turbochargers are rapidly emerging as the choice for automakers that need moderately priced, off-the-shelf technology to meet corporate average fuel economy targets. By 2015, as many as 25 percent of all light vehicles sold in the United States will be turbocharged, up from 8 percent this year, predicts J.D. Power and Associates. Turbochargers "will be used by nearly all major carmakers," says Mike Omotoso, J.D. Power's senior manager of global power trains. "The technology has been around for a long time, and it's relatively cheap compared with hybrids" and electric vehicles. (http://reviews.cnet.com/8301-13746_7-20021364-48.html)

5. MYTH: High MPG car prices are too expensive for most consumers.

FACT: Higher MPG standards and related incentives will make fuel-efficient cars even more affordable. New standards being considered by the Obama Administration would decrease fuel consumption for new vehicles up to 6 percent per year from 2017 through 2025, which would boost average fuel efficiency up to about 60 MPG (about 48 MPG on road). This would be at a cost of about \$3200 per vehicle, which would be paid for in about four years through fuel savings. These clean car standards would save vehicle owners \$7,500 over the life of the vehicle at a gas price of \$3.50 per gallon, even after paying for the additional cost of the cleaner vehicle. That's the equivalent of a gasoline price cut of more than a \$1 per gallon compared to a vehicle with today's fuel efficiency.

(http://www.ucsusa.org/assets/documents/clean_vehicles/protection-against-rising-gas-prices-ucs-1.pdf)

Automakers have claimed costs would be higher: "Automakers argue those estimates are "unrealistic" and point to a Center for Automotive Research analysis that says hiking fuel efficiency to 60.1 mpg could boost vehicle prices 22 percent, cut sales 25 percent and trim up to 220,000 auto sector jobs." (<http://detnews.com/article/20110412/AUTO01/104120407/1148/rss25>) Unfortunately for the automakers, that Michigan-based CAR report has already been discredited by the International Center for Clean Technologies (ICCT). In a stinging critique, the ICCT points out numerous flaws in the study which the consultants have yet to respond to. (<http://www.theicct.org/2011/03/car-2025-forecast-analysis/>) History also shows that automakers typically exaggerate the cost of new clean car technology, so the recent CAR claims come as no surprise to long-time observers of the auto industry. (http://switchboard.nrdc.org/blogs/rhwang/as_i_blogged_about_earlier.html)

BACKGROUND

The U.S. Department of Transportation (DOT) and Environmental Protection Agency (EPA) have been directed by President Obama to establish joint fuel efficiency and pollution standards for new cars and trucks. Specifically, the agencies will establish new Corporate Average Fuel Economy and global warming pollution standards, respectively, for light-duty vehicles—a category that includes cars, SUVs, minivans, and most pickup trucks—for model years 2017 to 2025. In order to maximize the benefits of better fuel efficiency, the Obama administration is being encouraged to set standards that cut America's oil dependence by at least 49 billion gallons of fuel and at least 535 million metric tons of heat trapping carbon pollution in the year 2030, or the equivalent of 60 MPG by model year 2025.

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Go60MPG is a joint effort of Environment America, the National Wildlife Federation, Natural Resources Defense Council, the Safe Climate Campaign, the Sierra Club, and the Union of Concerned Scientists. We know that American ingenuity and technology can make all-new cars and trucks cleaner and more fuel-efficient. It's one of the biggest steps we can take towards saving money at the gas pump, cleaning up our air, and ending America's oil dependence. That's why we're rallying public support to raise fuel efficiency standards for new cars to at least 60 miles per gallon and no more than 143 grams per mile of carbon pollution by 2025. We also want to see improvements in America's big rigs and other work trucks.