



Highlights of [GAO-07-551T](#), a testimony before the Committee on Commerce, Science, and Transportation, U.S. Senate

### Why GAO Did This Study

Concerns over national security, environmental stresses, and economic pressures from increased fuel prices have led to the nation's interest in reducing oil consumption. Efforts to reduce oil consumption will need to include the transportation sector. For example, several Members of Congress have introduced bills proposing changes to the corporate average fuel economy (CAFE) program. This program includes mile per gallon standards for light trucks and cars that manufacturers must meet for vehicles sold in this country.

This testimony is based on ongoing work for this committee. This testimony describes (1) recent and proposed changes to CAFE standards; (2) observations about the recent changes, the existing CAFE program, and NHTSA's (National Highway Traffic Safety Administration) capabilities to further restructure CAFE standards; and (3) initial observations about how the CAFE program fits in the context of other approaches to reduce oil consumption. To address these issues, we reviewed program legislation, rule makings, and operational documents. Also, we interviewed officials from NHTSA, the Department of Energy, Environmental Protection Agency, the auto industry, labor unions, and the insurance industry. Finally, we contacted several recognized experts in fuel economy and safety. Our report will be issued in July 2007.

[www.gao.gov/cgi-bin/getrpt?GAO-07-551T](http://www.gao.gov/cgi-bin/getrpt?GAO-07-551T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Siggerud on (202) 512-2834 or [siggerudk@gao.gov](mailto:siggerudk@gao.gov).

## PASSENGER VEHICLE FUEL ECONOMY

### Preliminary Observations on Corporate Average Fuel Economy (CAFE) Standards

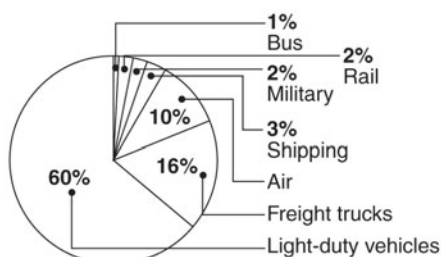
#### What GAO Found

The National Highway Traffic Safety Administration (NHTSA), the agency responsible for setting CAFE standards for cars and light trucks—such as sport utility vehicles, minivans and pickup trucks—recently raised CAFE standards for light trucks to reduce oil use and restructured this part of the program to help address safety, among other issues. However, the CAFE standard for cars has changed little over the past 2 decades. In 1975, Congress established CAFE standards for cars rising to 27.5 miles per gallon (mpg) by 1985 but did not allow NHTSA to restructure how car standards are applied. As part of the administration's plan to meet the President's recently stated goal to reduce oil use by 20 percent over the administration's projected levels by 2017, the NHTSA Administrator submitted a plan to Congress that would allow NHTSA to reform the car CAFE program in a manner similar to NHTSA's recent changes to the light truck program.

The majority of experts with whom we spoke stated that CAFE standards are an important approach to reducing oil consumption and NHTSA's recent reform of light truck standards addresses previous safety and competitive concerns, among others. However, they also identified some ways to further refine the CAFE program such as considering harmonizing light truck and car standards. Further, NHTSA officials identified ways to improve the agency's capabilities to administer the program. For example, the agency would benefit from some additional expertise on automotive engineering. Finally, several experts observed that the model that NHTSA uses to help set CAFE standards does not fully account for the impact of greenhouse gas emissions.

While the CAFE program is an important program in the nation's efforts to reduce oil consumption, other policies and programs exist to help the nation reduce oil consumption in the transportation sector. We will report on how these programs align with the CAFE program in our report to be issued in July 2007. For example, according to experts with whom we spoke, CAFE's effectiveness in reducing oil consumption is hampered by a provision granting manufacturers a 1.2 mpg CAFE credit toward meeting its fuel economy standard for selling flexible fuel vehicles, even though these vehicles are not often run on fuel other than gas.

**2005 U.S. Oil Consumption within the Transportation Sector** (Numbers may not add to 100% due to rounding)



Source: Department of Energy.