

# **POLICIES FOR REDUCING U.S. OIL IMPORTS**

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**Presentation at the EESI Briefing  
“Energy Efficiency & Renewable Energy:  
The Missing Link in the Energy Crisis Debate”**

**Washington, DC  
Oct. 4, 2000**

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## **Main Points**

**1. Domestic oil production is falling and will continue to fall, with or without opening up ANWR and other environmentally sensitive regions to oil production.**

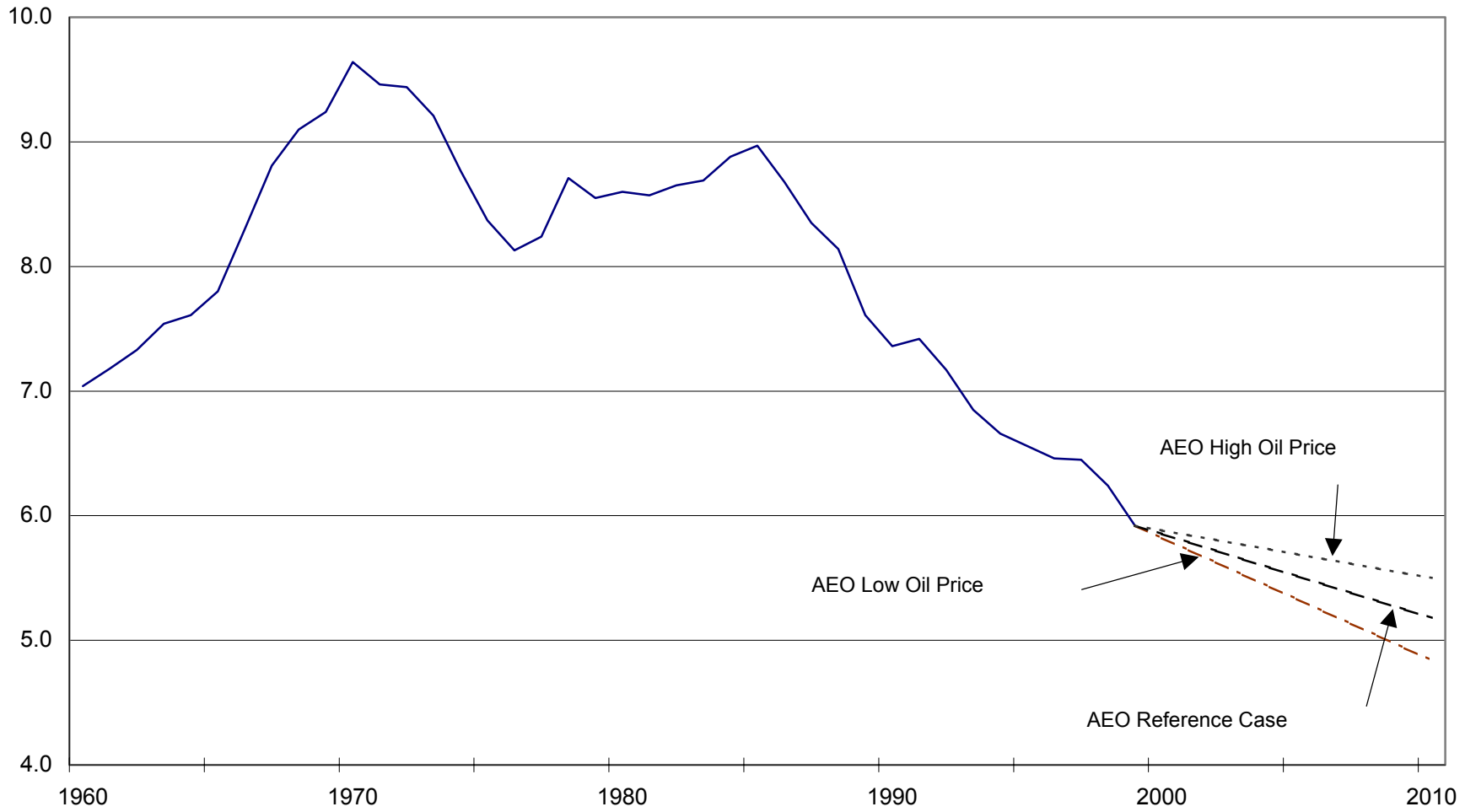
**2. The decline in new vehicle fuel economy during the past 12 years increased U.S. oil consumption and contributed to rising world oil prices.**

**3. Improving new vehicle fuel efficiency is our single most effective option for cutting oil imports today.**

**4. Tougher fuel economy regulations and other measures should be adopted to increase the efficiency of new vehicles.**

# U.S. Crude Oil Production

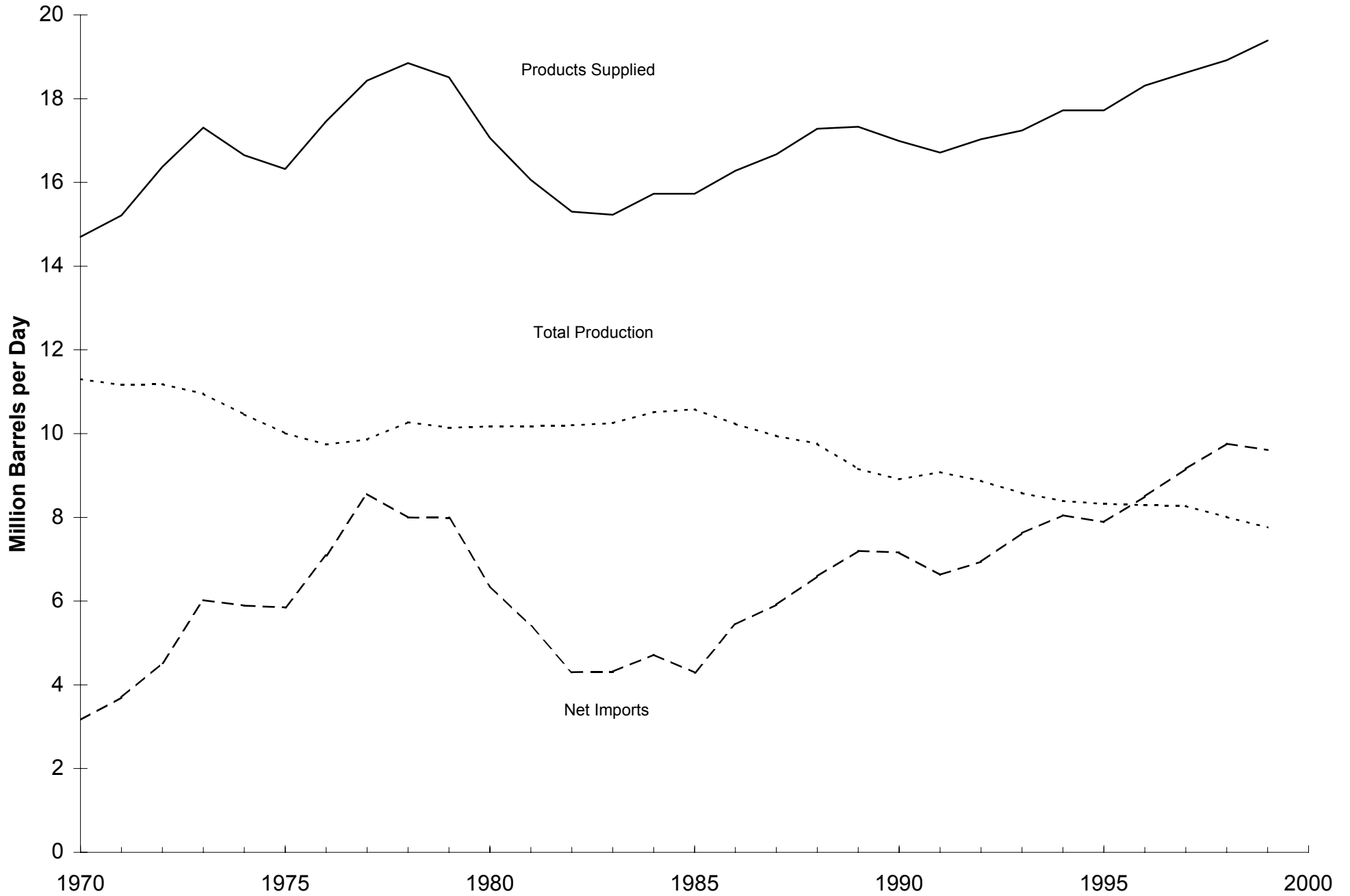
(Million Barrels per Day)



## **Consequences of New Vehicle Fuel Economy Trends**

- 1. Consumption of gasoline and diesel fuel will reach about 10.6 million barrels per day (MBD) in 2000, 1.7 MBD (19%) greater than in 1988.**
- 2. U.S. gasoline and diesel fuel use accounts for 14% of worldwide petroleum consumption.**
- 3. Recent surge in oil prices, which will cost the U.S. about \$50 billion per year (\$500 per household), is due in part to the failure to improve new vehicle fuel economy during the past 12 years.**
- 4. If we had increased the average fuel economy of new cars by 1 MPG/yr and new light trucks by 0.5 MPG starting in 1987, U.S. oil use would be 1.3 MBD less than it now is, and worldwide oil savings would exceed 2 MBD.**

# U.S. Oil Production and Consumption Trends



## **Policies for Increasing Vehicle Fuel Economy over the Next 20 Years**

- 1. Adopt tougher CAFE fuel economy standards – we suggest a 30% increase by 2006 and 60% increase by 2012 (5%/yr improvement).**
- 2. Expand current gas guzzler tax to cover all types of inefficient new vehicles (< 22.5 MPG) – close the “light truck loophole”.**
- 3. Provide tax incentives to buyers of innovative, high efficiency, and clean hybrid and fuel cell vehicles.**
- 4. Continue vigorous RD&D on “next generation” highly efficient and cleaner vehicles.**
- 5. Expand “Energy Star” labeling to efficient and cleaner vehicles.**
- 6. Encourage fleet vehicle owners to buy “best in class”.**

## **Potential Impacts of Policies that Raise New Vehicle Fuel Economy**

- 1. Assumptions: Combination of policies leads to average new passenger vehicle fuel economy of 42 MPG by 2010 and 53 MPG by 2020, compared to 24 MPG in 2000 (EPA composite rating)**
- 2. Gasoline savings: 1.5 MBD by 2010 and 4.5 MBD by 2020.**
- 3. Net economic impacts on consumers: \$380 billion net savings through 2020; benefit-cost ratio > 4**
- 4. Avoided carbon dioxide emissions: 79 million metric tons of carbon by 2010; 240 million metric tons of carbon by 2020**
- 5. Lower emissions of hydrocarbons and other air pollutants.**

**Potential Oil Supply from Arctic National Wildlife Refuge  
vs. Oil Savings from Improved Vehicle Fuel Economy**

