Higher MPG = More Jobs and a Stronger Economy for California

Investors, economists and companies across the country support higher gas mileage standards

The Obama Administration and automakers reached an unprecedented agreement in July 2011 by proposing an average fuel economy standard of 54.5 miles per gallon by 2025 for passenger vehicles. Ceres—a national coalition of investors, business leaders, and public interest groups—has sifted the data and found that 54.5 mpg will be good for business, good for the economy and good for American families, both in California and across the nation.

A closer look at the economic benefits of President Obama’s 54.5 mpg agreement finds:

Higher gas mileage standards are good for California’s economy

An economic analysis for Ceres conducted by Management Information Services, Inc., found that stronger mileage standards would boost the economy in California — and across the nation.

The 54.5 mpg standard would create more than 57,300 new jobs in California, making it #1 among all states in terms of total new jobs created

The 54.5 mpg standard would boost California’s GDP by about $3.67 billion; California would be ranked third in terms of total GDP growth resulting from the standards

Across the United States, the 54.5 mpg standard would create about 484,000 new jobs:

43,000 of these new jobs would be in the auto industry

49 states would see net gains in employment

Mindy Lubber
Ceres President

“\[It's\] time to put our economy into high gear - strong standards will unleash American innovation, boost sales and protect American auto jobs.”

Ceres leads a national coalition of investors, environmental organizations and other public interest groups working with companies to address sustainability challenges. www.ceres.org

www.ceres.org/more-jobs-per-gallon
Higher gas mileage standards are good business for the US auto industry and investors

A recent Ceres/Citi Investment Research report, using analysis by the University of Michigan Transportation Research Institute, showed higher fuel economy standards would benefit the auto industry, especially the Detroit 3. In addition, key U.S. suppliers of advanced technologies would benefit.

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.

President Obama’s announcement of 54.5 mpg by 2025 means cars would be required to average a 5 percent improvement in fuel economy each year from 2017 through 2025, while trucks would only need to rise 3.5 percent a year through 2021. This most closely aligns with the 4 percent per year improvement for CAFE mileage and GHG emission reduction in the Ceres report ‘More Jobs Per Gallon.”

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