Higher MPG = More Jobs and a Stronger US Economy

Voters, investors, and economists 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 finds that 54.5 mpg will propel the nation toward a stronger domestic automobile industry, new jobs, fresh investment opportunities and enjoys overwhelming voter support.

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

Higher gas mileage is good for the US economy

An economic analysis commissioned by Ceres and conducted by the independent firm Management Information Services, Inc., found stronger mileage standards will boost the US economy.

The 54.5 mpg standard will create approximately 484,000 new jobs economy wide

In percentage terms, the 12 states that would see the biggest increases are Indiana, Michigan, Alabama, Kentucky, Tennessee, Ohio, North Carolina, New Hampshire, Vermont, Oregon, New York and Missouri

The states that would gain the most jobs in absolute terms are California, New York, Florida, Ohio, Michigan, Illinois, Pennsylvania, Texas, North Carolina, Indiana, Georgia and New Jersey

49 states would see net job gains

43,000 of those jobs would be in the auto industry

National gross economic output (sales) would be approximately $21.3 billion higher

State economies benefit, too:

The projected impact on individual state GDP is overwhelmingly positive:

States benefitting most from the 54.5 mileage standard in relative terms include Michigan and Indiana, followed by Kentucky, South Carolina, Tennessee, Wisconsin, Iowa, Ohio, Alabama, Oregon, Missouri and Nebraska

The 12 states with the highest increase in total economic output as a result of these standards are Michigan, New York, California, Ohio, Indiana, Florida, Illinois, North Carolina, Pennsylvania, Georgia, Tennessee and Wisconsin

Revenue to cash strapped local, state and federal governments would be about $12.7 billion higher

American families will have more money in their pockets to spend on non-energy goods and services

An improved vehicle standards of 54.5 mpg means consumers will save $107 billion at the pump

Personal income would be approximately $14.2 billion higher

It’s time to put our economy into high gear - strong standards will unleash American innovation, boost sales and protect American auto jobs.

Mindy Lubber
Ceres President
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.

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. Key suppliers stand to benefit as well.

The 42 mpg would be cost effective for consumers when gas prices reach $2.00 a gallon in 2020. It will not only reduce petroleum imports but also save consumers money.

Voters overwhelmingly support stronger mileage standards

Even in the historic heart of America’s auto industry--Michigan and Ohio-- voters believe increased efficiency will spur innovation and create jobs. They don’t believe the rhetoric that higher mileage standards would cost jobs or hurt US automakers. An April poll by The Mellman Group for Ceres found:

76% of likely Michigan voters and 80% of likely Ohio voters believe a national 60 mpg standard would encourage American car makers to innovate, boosting sales and protecting American auto jobs.

Every group of likely voters overwhelmingly supports 60 mpg, including 65% of Michigan Republicans, and 67% of Michigan conservatives, 68% of Ohio Republicans, and 69% of Ohio conservatives.

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.’

www.ceres.org/more-jobs-per-gallon

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

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