

**Opening Statement of the Honorable Fred Upton**  
**Subcommittee on Commerce, Manufacturing, and Trade,**  
**Subcommittee on Energy and Power**  
**“Midterm Review and Update on the Corporate Average Fuel Economy Program and Greenhouse**  
**Gas Emissions Standards For Motor Vehicles”**  
**September 22, 2016**

*(As prepared for delivery)*

You don't have to come from Michigan to be concerned about the Obama administration's motor vehicle fuel economy and greenhouse gas emission standards, because these provisions, if done wrong, would hurt car owners as well as car makers.

The good news is that these 2012 standards wisely included a “do-over” provision in the form of a Mid-Term Evaluation that allows EPA and NHTSA to adjust the future stringency of the standards in light of changed circumstances.

And circumstances certainly have changed. In particular, EPA and NHTSA assumed that gasoline prices would be headed toward \$4.00 a gallon by now, but instead they have continued to trend toward \$2 a gallon. At these prices, the added cost of hybrids or other highly-efficient vehicles may never be earned back in the form of energy savings. And the sticker shock is far from trivial – EPA estimates a cumulative impact on vehicle prices of nearly \$3,000 per vehicle by 2025 and some analysts believe the actual cost is considerably higher.

There is no question that improved vehicle fuel efficiency is a worthy goal, but not if it is reached in a way that harms consumers. With the average cost of a new car at \$34,000 and rising, we don't need any unnecessarily costly Washington mandates. And we must be particularly sensitive to low income households who may be getting priced out of the new car market entirely.

Being from Michigan, I also worry about the impact these standards could have on the long-term health of the auto sector. The industry is doing well now, thanks in large part to pent-up demand after the last recession and very low interest rates that make financing about as cheap as it has ever been. But these two temporary factors will not last, and the industry will be stuck with these costly standards that increase every year. That is why I hope EPA and NHTSA use this opportunity to adjust the targets for Model Years 2022 to 2025 to more reasonable and achievable levels.

There are also more immediate problems that need to be addressed. The Obama administration promised the auto industry one set of uniform national standards rather than a patchwork of inconsistent requirements. But several years into the program, it is clear that the two federal agencies involved, EPA and NHTSA, are not always on the same page. We need to make changes, including legislation if necessary, to ensure that there is one set of rules for automakers to follow.

Motor vehicles are getting more efficient and will continue to do so, but we need to make certain that it happens in a way that maximizes benefits for consumers and preserves the health of the automotive industry. I hope today's hearing helps set us on that course.

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