

Additional Questions for the Record

Subcommittee on Consumer Protection and Commerce
Subcommittee on Environment and Climate Change
Hearing on
“Driving in Reverse: The Administration’s Rollback
of Fuel Economy and Clean Car Standards”
June 20, 2019

Mr. David Schwietert
Interim President and Chief Executive Officer
Alliance of Automobile Manufacturers

The Honorable Cathy McMorris-Rodgers (R-WA)

1. Mr. Schwietert, what does the market tell us about where consumers rank fuel economy as preferences when making purchasing decisions?

Response:

Ranking Member McMorris-Rodgers – As noted in my written testimony, consumers have many different preferences, goals or priorities when purchasing a new vehicle. As reflected in the chart below, market research suggests that affordability, safety, reliability and other factors continue to rank higher in consumer preferences than fuel economy (See Chart 1).¹

Chart 1:

Rank	Purchase Reason	%
1	Overall Safety of the Vehicle	63%
2	Overall Driving Performance	59%
3	Overall Value for the Money	58%
4	Overall Impression of Durability/Reliability	58%
5	Price/Deal Offered	56%
6	Safety Features	56%
7	Riding Comfort	54%
8	Handling	53%
9	Braking	52%
10	Comfort of Front Seat	52%
11	Affordable to Buy	50%
12	Road Holding Ability	50%
13	Front Visibility	50%
14	Engine Performance	50%
15	Warranty Coverage	50%
16	Overall Seat Comfort	48%
17	Overall Exterior Workmanship	47%
18	Maneuverability	47%
19	Fun to Drive	46%
20	Fuel Economy/Mileage	46%

¹ “Strategic Vision New Vehicle Experience Study (2018); ranking of purchase reasons”

2. Mr. Schwietert, what are the types of vehicles consumers are currently purchasing from your members and how should that factor into fuel economy standards?

Response:

Ranking Member McMorris-Rodgers - Since 2012, when the Model Year 2017 through 2025 GHG standards were set and fuel economy standards first contemplated subject to a mid-term review, low gas prices, as well as improved engine efficiency have contributed to a dramatic shift in consumer demand away from passenger cars to vehicles with other attributes such as sport utility vehicles (SUVs) and crossover utility vehicles (CUVs). To help illustrate this shift in consumer preferences, using the EPA regulatory definition for car and truck, in 2012 the projected mix of light-duty vehicle sales for 2018 was 64% cars and 36% light trucks (see Chart 2).² Actual light-duty vehicle sales in 2018, however, were 49% cars and 51% light trucks.

Chart 2:

	2016	2017	2018
Assumptions vs. Market Realities			
Rulemaking assumptions needed to be compared to market realities to ensure that future standards are attainable.			
Gas Prices <u>Projected</u> (2012) <small>(1)</small>	\$3.68	\$3.77	\$3.82
Gas Prices <u>Actual</u>	\$2.34	\$2.58	\$2.81
Sales: New Cars v. Light Trucks <u>Projected</u> (2012)	66/34% (Car/LT)	63/37% (Car/LT)	64/36% (Car/LT)
Sales: New Cars v. Light Trucks <u>Actual</u> <small>(2)</small>	55/45% (Car/LT)	52/48% (Car/LT)	49/51% (Car/LT)
Annual New Vehicle Sales	Record Year	Softening	Flat

(1) Based on 2011 EIA Annual Energy Outlook in 2018 dollars
(2) Regulatory definition of car and light truck

In fact, last year the majority of new light-duty vehicle sales each of the 50 states were light trucks (see Attachment 1).

The statistics below, based on 2018 sales data, further illustrate this new fleet mix reality³:

- A pickup is the top selling new vehicle in 289 congressional districts, or 66% of Congress

² Note citations in Chart 2 – (1) Based on 2011 EIA Annual Energy Outlook in 2018 Dollars, and (2) Regulatory Definition of Car and Light Truck (see <https://nepis.epa.gov/Exe/ZyPDF.cgi/P100W5C2.PDF?Dockkey=P100W5C2.PDF>, page 32.)

³ Figures compiled by Auto Alliance with data provided by IHS Markit as of December 31, 2018

- SUVs/CUVs are the top selling vehicles in 85 congressional districts (19%)
- Sedans are the top selling vehicles in just 56 congressional districts (13%)
- There are 150 congressional districts (34%) where the top three selling vehicles are pickup trucks.

Based on vehicle sales data for the first half of 2019, consumer preference away from cars continues, with light-trucks representing nearly 70% of new vehicle sales (Attachment 2).

Despite record numbers of models of alternative powertrain and fuel efficient vehicles being offered in dealer showrooms, sales of these vehicles remain low – less than 4 percent of total U.S. sales for all alternative powertrains (including plug-in EVs, hybrid and Fuel Cell Vehicles). If you remove hybrid vehicles, plug-in EVs account for less than two percent of all sales nationwide.⁴

Chart 3:



These market realities are a significant factor in automakers ability to achieve compliance with fuel economy standards. Under existing regulation, automakers are judged by what consumers buy, not what we offer for sale. Assumptions made in 2012 have not been realized, resulting in a substantial gap between government targets and what Americans choose to buy.⁵

Fuel economy standards achieve the maximum benefit to the environment, economy and consumers when they balance all interests. This is why automakers remain steadfast in our support

⁴ Ward's Automotive, 2019

⁵ EPA Automotive Trends Report (MY 2017)

of a negotiated solution that balances environmental goals, consumer preferences and market realities. Our priorities remain unchanged and include:

- Year-over-year increases in fuel economy to provide our customers with more energy-efficient vehicles with greater emissions reductions and the latest safety technology.
- Partner with public/private groups to get more energy-efficient vehicles on our roads via charging/fueling infrastructure, consumer incentives, government fleet sales and car-sharing and ride-sharing programs.
- Continue increasing investments in research and development for more advancements in safety and efficiency.
- Do all this while keeping vehicles affordable for consumers.

Attachment 1:⁶

2018 Light Vehicle Registrations And New Purchases: Body Style														
State	2018 Registrations							2018 New Purchases						
	Total	Vehicle Type		Light Truck Segments				Total	Vehicle Type		Light Truck Segments			
		Cars	Light Trucks	CUVs	SUVs	Pickups	Vans/Minivans		Cars	Light Trucks	CUVs	SUVs	Pickups	Vans/Minivans
AK	607,052	25.62%	74.38%	18.24%	15.59%	34.02%	6.53%	26,452	19.57%	80.43%	35.52%	10.93%	28.17%	5.81%
AL	4,920,798	43.46%	56.54%	13.74%	12.21%	25.95%	4.64%	209,124	31.79%	68.21%	31.68%	9.87%	22.47%	4.19%
AR	2,649,722	35.90%	64.10%	14.83%	12.93%	31.70%	4.65%	122,614	24.72%	75.28%	32.51%	10.62%	28.39%	3.76%
AZ	6,304,340	44.29%	55.71%	16.36%	12.02%	20.88%	6.45%	386,255	31.83%	68.17%	30.82%	7.74%	18.53%	11.08%
CA	31,507,331	51.22%	48.78%	17.09%	10.15%	15.78%	5.76%	1,959,243	45.73%	54.27%	31.66%	6.89%	11.67%	4.05%
CO	5,309,996	36.48%	63.52%	21.66%	15.69%	21.26%	4.91%	270,687	23.32%	76.68%	40.49%	12.58%	19.29%	4.32%
CT	3,052,626	47.54%	52.46%	24.97%	9.95%	11.77%	5.78%	169,074	30.57%	69.43%	47.19%	8.86%	9.78%	3.60%
DC	349,111	63.24%	36.76%	19.64%	7.57%	3.93%	5.61%	22,770	44.18%	55.82%	39.80%	6.89%	3.61%	5.53%
DE	854,561	45.12%	54.88%	21.00%	11.22%	15.85%	6.81%	49,592	31.23%	68.77%	40.05%	9.50%	14.27%	4.95%
FL	17,133,318	48.46%	51.54%	19.97%	9.72%	15.75%	6.10%	1,328,459	38.51%	61.49%	36.17%	8.34%	12.29%	4.70%
GA	8,908,162	44.44%	55.56%	16.60%	11.96%	21.20%	5.80%	509,087	35.17%	64.83%	32.32%	9.08%	18.23%	5.21%
HI	1,227,125	42.26%	57.74%	17.77%	10.32%	22.06%	7.59%	88,909	35.52%	64.48%	27.61%	14.34%	15.07%	7.46%
IA	3,123,958	37.48%	62.52%	17.79%	10.51%	26.63%	7.59%	131,176	20.45%	79.55%	38.41%	8.91%	26.45%	5.79%
ID	1,765,462	35.26%	64.74%	15.22%	13.28%	31.08%	5.16%	64,596	18.67%	81.33%	37.98%	9.48%	30.31%	3.57%
IL	10,641,237	44.95%	55.05%	22.59%	10.46%	13.82%	8.18%	616,104	30.15%	69.85%	43.23%	8.42%	11.75%	6.45%
IN	5,955,100	41.01%	58.99%	18.61%	11.12%	21.55%	7.72%	247,013	25.60%	74.40%	39.06%	8.77%	19.01%	7.56%
KS	2,831,833	40.32%	59.68%	16.07%	10.95%	26.29%	6.36%	98,285	25.88%	74.12%	35.22%	10.01%	23.43%	5.46%
KY	4,028,531	41.58%	58.42%	16.46%	10.81%	25.14%	6.01%	149,421	28.59%	71.41%	37.01%	8.86%	20.48%	5.06%
LA	3,779,281	38.04%	61.96%	14.81%	12.53%	30.66%	3.96%	218,709	28.76%	71.24%	28.95%	10.88%	27.91%	3.50%
MA	5,382,570	45.10%	54.90%	27.06%	9.34%	12.36%	6.14%	355,731	28.56%	71.44%	45.65%	9.25%	12.39%	4.15%
MD	4,723,057	48.45%	51.55%	21.45%	9.43%	13.23%	7.43%	329,936	35.22%	64.78%	37.58%	7.75%	11.89%	7.55%
ME	1,287,077	37.65%	62.35%	22.40%	9.31%	25.29%	5.35%	70,462	19.64%	80.36%	42.22%	7.78%	26.48%	3.87%
MI	8,710,114	38.02%	61.98%	23.38%	12.06%	19.19%	7.37%	606,504	16.41%	83.59%	47.09%	10.53%	21.84%	4.13%
MN	5,134,436	39.78%	60.22%	21.54%	10.63%	20.40%	7.66%	250,471	21.17%	78.83%	44.05%	8.18%	21.29%	5.31%
MO	5,776,127	40.92%	59.08%	17.49%	10.35%	24.01%	7.23%	311,578	27.11%	72.89%	32.14%	9.00%	23.11%	8.64%
MS	2,809,895	42.83%	57.17%	11.80%	12.60%	28.58%	4.19%	106,676	31.06%	68.94%	28.68%	10.22%	26.54%	3.50%
MT	1,351,398	32.74%	67.26%	13.34%	13.61%	35.33%	4.97%	57,724	16.49%	83.51%	33.75%	12.28%	32.91%	4.57%
NC	8,924,646	43.77%	56.23%	17.76%	11.34%	20.95%	6.18%	462,028	33.27%	66.73%	35.28%	9.19%	17.45%	4.81%
ND	783,878	31.02%	68.98%	16.10%	12.62%	34.80%	5.46%	39,472	12.41%	87.59%	32.58%	11.38%	40.43%	3.20%
NE	2,003,160	38.64%	61.36%	16.75%	11.93%	26.28%	6.41%	86,138	20.92%	79.08%	37.70%	10.23%	26.12%	5.03%
NH	1,306,353	40.62%	59.38%	24.82%	8.80%	20.02%	5.74%	97,069	24.93%	75.07%	42.67%	7.52%	20.76%	4.13%
NJ	7,243,886	47.81%	52.19%	25.03%	10.34%	9.35%	7.47%	581,215	33.57%	66.43%	44.61%	9.55%	7.83%	4.43%
NM	1,891,881	38.83%	61.17%	14.25%	12.44%	30.05%	4.43%	87,576	30.98%	69.02%	30.76%	9.31%	25.92%	3.03%
NV	2,364,062	44.96%	55.04%	17.87%	12.80%	19.62%	4.74%	143,917	36.80%	63.20%	34.01%	9.24%	15.94%	4.01%
NY	11,731,223	43.75%	56.25%	26.83%	10.24%	11.55%	7.64%	1,011,032	27.75%	72.25%	47.72%	9.86%	10.05%	4.61%
OH	10,743,373	45.11%	54.89%	20.84%	9.26%	17.37%	7.42%	598,699	29.34%	70.66%	42.43%	7.49%	15.36%	5.37%
OK	4,354,435	37.82%	62.18%	17.35%	11.39%	26.88%	6.56%	770,178	33.78%	66.22%	29.75%	9.50%	16.45%	10.52%
OR	3,790,198	40.68%	59.32%	18.38%	11.49%	22.99%	6.45%	175,570	27.51%	72.49%	39.84%	8.09%	19.00%	5.56%
PA	12,032,941	44.14%	55.86%	22.11%	10.77%	15.97%	7.01%	661,479	27.13%	72.87%	44.52%	7.96%	15.49%	4.90%
RI	859,116	49.62%	50.38%	23.63%	8.58%	12.50%	5.67%	49,166	30.65%	69.35%	45.37%	7.63%	13.20%	3.14%
SC	4,902,802	43.47%	56.53%	16.12%	12.71%	21.96%	5.73%	218,753	31.10%	68.90%	35.48%	9.34%	19.38%	4.71%
SD	961,184	33.60%	66.40%	15.59%	12.86%	31.55%	6.40%	38,271	14.68%	85.32%	37.35%	10.49%	33.67%	3.81%
TN	6,124,542	42.20%	57.80%	16.71%	12.40%	23.40%	5.28%	273,666	31.83%	68.17%	33.97%	9.73%	19.88%	4.58%
TX	22,847,822	38.63%	61.37%	17.50%	12.89%	26.48%	4.49%	1,515,438	29.75%	70.25%	31.03%	10.55%	25.12%	3.55%
UT	2,675,339	41.80%	58.20%	16.58%	12.56%	22.92%	6.14%	143,459	24.86%	75.14%	31.77%	10.40%	27.87%	5.10%
VA	7,532,673	45.39%	54.61%	19.23%	11.24%	17.44%	6.69%	382,955	34.53%	65.47%	37.59%	8.54%	12.41%	6.94%
VT	564,886	37.77%	62.23%	26.82%	7.22%	23.53%	4.66%	42,913	20.90%	79.10%	44.09%	5.76%	26.40%	2.86%
WA	6,908,023	44.62%	55.38%	18.36%	10.78%	20.01%	6.24%	295,582	30.67%	69.33%	40.24%	7.59%	16.45%	5.04%
WI	5,351,303	40.28%	59.72%	21.18%	10.25%	20.14%	8.14%	246,648	21.93%	78.07%	42.87%	8.02%	21.32%	5.85%
WV	1,584,252	35.68%	64.32%	19.45%	12.36%	27.85%	4.66%	81,580	22.12%	77.88%	40.01%	9.87%	25.20%	2.79%
WY	637,640	27.53%	72.47%	13.79%	15.27%	39.47%	3.95%	26,171	13.19%	86.81%	31.59%	11.80%	40.67%	2.75%
U.S. Total	278,243,836	43.49%	56.51%	19.30%	11.13%	19.83%	6.26%	16,785,627	31.6%	68.40%	37.3%	8.9%	17.0%	5.2%

⁶ Figures compiled by Auto Alliance with data provided by IHS Markit as of December 31, 2018.

Attachment 2:

Mid-Year 2019 New Registrations Of Light Duty Vehicle By Body Style							
2019 YTD (June) New Registrations							
State	Total	Vehicle Type		Light Truck Segments			
		Cars	Light Trucks	CUVs	SUVs	Pickups	Vans/ Minivans
AK	15,955	19.63%	80.37%	33.97%	13.49%	29.35%	3.56%
AL	105,188	29.65%	70.35%	31.27%	11.32%	25.28%	2.47%
AR	63,186	23.01%	76.99%	32.24%	11.45%	31.01%	2.28%
AZ	175,539	28.02%	71.98%	28.80%	7.98%	32.73%	2.46%
CA	1,045,754	43.54%	56.46%	31.44%	8.44%	13.67%	2.91%
CO	177,870	24.58%	75.42%	38.54%	14.32%	20.26%	2.31%
CT	88,701	30.77%	69.23%	44.49%	10.49%	11.89%	2.36%
DC	9,655	44.02%	55.98%	42.00%	6.31%	5.89%	1.78%
DE	24,895	30.41%	69.59%	39.36%	10.43%	17.13%	2.67%
FL	610,936	36.29%	63.71%	37.49%	8.97%	14.85%	2.40%
GA	219,897	34.18%	65.82%	32.29%	10.28%	20.10%	3.15%
HI	50,822	38.10%	61.90%	27.55%	11.68%	15.35%	7.32%
IA	56,509	18.32%	81.68%	38.31%	9.36%	30.55%	3.45%
ID	32,669	19.09%	80.91%	34.45%	14.12%	30.02%	2.32%
IL	273,633	29.42%	70.58%	42.20%	10.51%	13.48%	4.39%
IN	125,560	25.28%	74.72%	38.44%	9.88%	21.38%	5.03%
KS	45,710	24.40%	75.60%	34.21%	10.58%	27.34%	3.47%
KY	81,878	27.31%	72.69%	35.63%	9.78%	23.32%	3.96%
LA	117,084	28.13%	71.87%	29.30%	11.50%	28.71%	2.36%
MA	177,721	27.96%	72.04%	43.56%	11.29%	14.19%	3.00%
MD	145,031	35.32%	64.68%	37.09%	9.61%	14.34%	3.65%
ME	35,368	19.72%	80.28%	41.31%	9.51%	27.34%	2.12%
MI	298,256	14.26%	85.74%	51.82%	9.81%	21.74%	2.38%
MN	134,801	20.46%	79.54%	43.43%	9.22%	23.77%	3.11%
MO	137,420	26.92%	73.08%	35.62%	9.80%	23.84%	3.82%
MS	53,761	30.25%	69.75%	28.03%	11.70%	27.51%	2.51%
MT	25,684	16.39%	83.61%	31.75%	14.03%	35.80%	2.04%
NC	200,123	31.14%	68.86%	35.72%	10.93%	19.44%	2.77%
ND	20,417	12.22%	87.78%	30.60%	11.99%	43.56%	1.63%
NE	42,909	19.48%	80.52%	36.83%	11.40%	29.42%	2.86%
NH	44,279	24.32%	75.68%	42.24%	9.21%	22.01%	2.22%
NJ	291,888	33.51%	66.49%	44.46%	10.12%	9.34%	2.57%
NM	42,706	30.58%	69.42%	30.04%	10.61%	26.52%	2.25%
NV	78,712	36.37%	63.63%	32.42%	9.77%	17.58%	3.86%
NY	490,014	27.63%	72.37%	46.27%	11.40%	11.33%	3.37%
OH	303,931	27.48%	72.52%	41.70%	8.96%	18.40%	3.45%
OK	85,601	22.67%	77.33%	31.21%	10.53%	32.96%	2.62%
OR	87,848	28.95%	71.05%	36.74%	10.08%	21.07%	3.16%
PA	341,362	27.00%	73.00%	42.64%	9.73%	17.99%	2.64%
RI	30,085	32.21%	67.79%	42.83%	9.02%	13.38%	2.56%
SC	112,686	29.38%	70.62%	35.52%	10.92%	21.20%	2.98%
SD	20,400	14.77%	85.23%	35.72%	11.61%	35.27%	2.63%
TN*	103,285	32.70%	67.30%	34.73%	10.41%	18.92%	3.23%
TX	627,286	26.63%	73.37%	31.97%	11.67%	27.95%	1.78%
UT	99,242	25.93%	74.07%	31.11%	11.42%	28.20%	3.34%
VA	207,397	32.34%	67.66%	35.50%	10.71%	17.62%	3.82%
VT	22,537	21.27%	78.73%	42.65%	7.48%	26.78%	1.82%
WA	166,916	31.04%	68.96%	38.18%	10.51%	16.93%	3.34%
WI	123,925	21.88%	78.12%	41.53%	9.05%	23.90%	3.64%
WV	23,455	22.69%	77.31%	36.43%	10.88%	27.60%	2.40%
WY	27,102	14.63%	85.37%	27.31%	13.18%	43.17%	1.71%
U.S. Total	7,923,589	30.23%	69.77%	37.37%	10.16%	19.30%	2.94%

Source: Figures compiled by Auto Alliance with new registration retail and fleet data provided by Hedges & Co covering January 1, 2019 - June 30, 2018.

*Tennessee figures cover January 1, 2019 - April 30, 2019 only.