



**THE SELECT COMMITTEE ON
ENERGY INDEPENDENCE AND GLOBAL WARMING**

**Opening Statement for Edward J. Markey (D-MA)
“\$4 Gasoline and Fuel Economy: Auto Industry at a Crossroads”
Select Committee on Energy Independence and Global Warming
June 26, 2008**

This hearing is called to order.

Every day, the news is filled with the stories of how \$4 a gallon gasoline hurts working people in this country. Every day we hear of some new societal impact, some new economic problem, some new forecast of even higher prices yet to come.

The skyrocketing price of gas at the pump hits consumers all over the country, and high oil prices also send a shock wave through our economy that hurts businesses and threatens to inflate prices. Most experts do not believe that these prices will come down any time soon.

We are here today to discuss solutions to this latest energy crisis. Because seventy percent of oil goes into transportation, any solutions to the oil crisis must focus on the transportation sector.

The Bush Administration argues that we can drill our way out of this crisis. They are wrong.

Forty-five percent of the world’s oil is located in Iraq, Iran and Saudi Arabia – and almost two-thirds of known oil reserves are in the Middle East. The United States is home to less than 3% of the world’s oil reserves – but consumes 25% of the world’s oil.

60% of the oil we use each day comes from overseas, at an annual cost of hundreds of billions of dollars, much of which ends up in the hands of countries hostile to our interests.

Even if we opened the Arctic National Wildlife Refuge and the Atlantic and Pacific coastlines to drilling today, the Energy Department reports that the first drops of oil would not hit consumers' gas tanks for 10 years, peak production would not occur until 2030, and even then, there would be no significant impact on prices at the pump.

America's strength lies not in the size of our oil reserves, but in our superior technological might. The biggest single step we have taken to curb our oil dependence is to raise the fuel economy standards of our automotive fleet. When CAFE was first passed in the mid-1970s in response to the first oil crisis, imported oil fell as a percentage of total consumption in the U.S. from 47 percent in 1977 to 27 percent in 1985.

And last December, after my efforts in 2001, 2003, 2005 and 2006 were blocked, Congress passed the first mandated increase in fuel economy standards since 1975, requiring that the fleet of cars and light trucks average *at least* 35 miles per gallon by 2020. This will save us at least 2.5 million barrels of oil per day by 2030, and will save consumers *billions of dollars* in gasoline they will not have to buy.

Today the Department of Transportation, charged with implanting the Energy Bill, will discuss its proposal to increase the fleet fuel economy average to 31.6 miles per gallon by 2015. A major flaw in its analysis is that it uses outdated EIA

assumptions about gas prices that simply defy reality. At a time when gasoline prices are soaring well above \$4 per gallon – almost a dollar more than when we passed the Energy Bill - NHTSA used EIA’s 2008 mid-range forecast for gasoline prices that range from \$2.42/gallon in 2016 to \$2.51/gallon in 2030. When compared to today’s price at the pump, these numbers are nothing short of absurd.

Buried at the back of its very long technical analysis, NHTSA documents the results of using EIA’s high-price gasoline projection of \$3.14/gallon in 2016 to \$3.74/gallon in 2030 – and found that technology is available to cost-effectively achieve a much higher fleet wide fuel economy of nearly 35 mpg in 2015.

On June 11, Guy Caruso, Administrator of EIA, told this Committee that he agreed NHTSA should use EIA’s *high* gas price scenario in setting its final fuel economy standards. I agree – and have been joined by dozens of my colleagues today in sending a letter encouraging the Department of Transportation to do so. I look forward to hearing the Department’s views on this and other aspects of its proposal.

We are also fortunate today to have with us some participants in the next generation of automotive technology development. Making cars and light trucks use less oil is enormously important – but ultimately, to address both our energy security and global warming challenges, we will need to develop vehicles that use *no oil at all*. Our second panel of witnesses will show us one way of getting to that “Better Place.”

I thank you all for coming, and look forward to hearing from our witnesses.