

The Facts on



WHAT IS Corporate Average Fuel Economy (CAFE)?

As Congress considers developing an energy policy, the 13-member Alliance of Automobile Manufacturers is providing a series of fact sheets to promote understanding about consumers and fuel economy.

Key Points to Remember



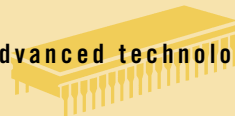
foreign oil

CAFE is a program Congress adopted in **1975** to reduce U.S. dependence on foreign oil by reducing fuel consumption.



consumer choice

CAFE is dependent not on what manufacturers offer, but on ***what consumers buy.***



advanced technologies

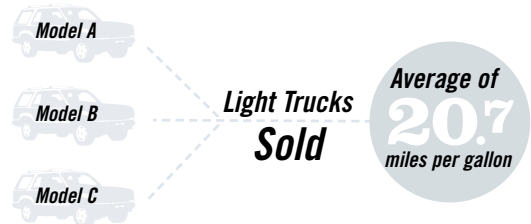
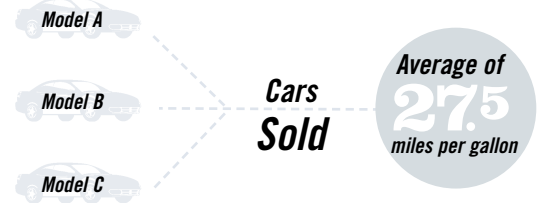
Incentives that encourage consumers to purchase hybrids, fuel cells, and other advanced technology vehicles can help put more fuel-efficient vehicles on the road without sacrificing safety, utility, carrying capacity or performance.

WHAT IS Corporate Average Fuel Economy (CAFE)?

How does CAFE work?

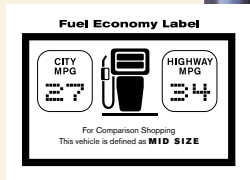
CAFE requires each automaker to meet an average fuel economy level of **27.5 miles per gallon** (mpg) for all the new cars it sells in a year (this is the “fleet fuel economy”). Each manufacturer must meet an average fuel economy level of **20.7 mpg for all the light trucks** (minivans, vans, sport utility vehicles and pick-up trucks) it sells in a year. Because CAFE **is based on the vehicles sold each year**, whether a manufacturer meets the CAFE standard or not

depends not only on what products are offered, but also on what products consumers purchase.



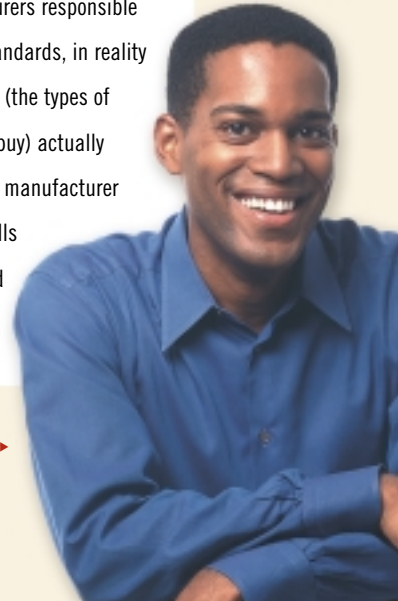
Manufacturers Offer a **Wide Range** of Products Today

Automakers today offer more than 50 vehicles (including various powertrain combinations) that achieve more than 30 miles per gallon. These fuel-efficient vehicles are available today on dealership lots



Automakers cannot meet CAFE standards alone. While the law holds manufacturers responsible for meeting CAFE standards, in reality consumer purchases (the types of vehicles consumers buy) actually determine whether a manufacturer meets, exceeds or falls short of the standard in any given year.

Consumers determine whether a manufacturer meets or exceeds the standard.



Advanced Technology Vehicles

Take to the Road

Members of the Alliance all offer fuel-efficient vehicles for sale.

Most consumers, however, demonstrate through their vehicle and option selections that they do not value fuel economy above other vehicle attributes. The emergence of advanced technology vehicles offers an opportunity to substantially increase vehicle fuel economy without sacrificing safety, towing capacity, cargo capacity, performance and

other features that add utility. But these advanced technologies are typically more expensive, so the Alliance supports consumer tax incentives to help offset the initial higher costs until more advancements and greater volumes make them less expensive to produce.

Dodge Durango



DaimlerChrysler's Dodge Durango Hybrid enters production in 2003 and achieves a fuel economy improvement of more than 20%.



Alliance OF AUTOMOBILE MANUFACTURERS

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