



EMBARGOED UNTIL DELIVERY AT APPROXIMATELY 12:30 PM Eastern

Full text below followed by information on key facts in the speech

Obama Lays Out Plan to Reduce Our Dependence on Foreign Oil;

Fight the Causes of Global Climate Change

During Speech at Detroit Economic Club, Obama Rolls Out Three Part Plan to Change the Cars we Drive and the Fuels we Use

Detroit, MI- During a speech at the Detroit Economic Club, Barack Obama today proposed a plan to change the cars we drive and the fuels we use in order to reduce our dependence on foreign oil and fight the cause of global climate change. By 2020, Obama's plan will cut our oil consumption by 2.5 million barrels of oil per day; take 50 million cars' worth of pollution off the road; save more than \$50 billion at the gas pump; and help the auto industry save millions of jobs and regain its competitive footing in the world.

Barack Obama's plan focuses on three key components:

1. **Fuel Economy Standards:** Despite tremendous technological innovation in the auto industry, Corporate Average Fuel Economy (CAFE) standards for cars have been held hostage to ideological battles in Washington for 20 years. Barack Obama introduced a bold new plan, bringing together long-time opponents to gradually increase fuel economy standards while protecting the financial future of domestic automakers. Obama's plan would establish a target of four percent increase each year - unless the National Highway Traffic Safety Administration proves the increase is technologically unachievable, hurts safety, or is not cost-effective. If the target is met for ten years, Obama's plan will save 1.3 million barrels of oil per day and 20 billion gallons of gasoline per year.

2. **Help for Consumers:** Under current law, tax credits are available for consumers who buy hybrids – but only if they buy one of the first 60,000 ultra-efficient vehicles produced by a given manufacturer. Barack Obama would lift the 60,000-per-manufacturer cap on buyer tax credits to allow more Americans to buy ultra-efficient vehicles.
3. **Help for Manufacturers:** U.S. automakers are facing retiree health costs that add \$1,500 to the cost of every GM car. They are struggling to afford investments in hybrid technology. Obama would encourage automakers to make fuel-efficient hybrid vehicles by helping the companies shoulder the health care costs of their retirees. Domestic automakers will get health care assistance in exchange for investing 50 percent of the savings into technology to produce more fuel-efficient vehicles. In addition, Obama would provide automakers with generous tax incentives for retooling assembly plants.

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Full Text As Prepared for Delivery:

America is a country that hasn't come easily. In our brief history, we have been tested by revolution and slavery, war and depression, and great movements for social, civil, and equal rights.

We have emerged from each challenge stronger, more prosperous, and ever closer to the ideals of liberty and opportunity that lay at the heart of the American experiment.

And yet, the price of our progress has always been borne by the struggle and sacrifice of our people – by leaders who have asked ordinary Americans to do extraordinary things; and by generations of men and women who've had the courage to answer that call.

It was the greatest of all generations that took up this charge in the days after the attack on Pearl Harbor. Almost overnight, they were asked to transform a peacetime economy that was still climbing out from the depths of depression into an Arsenal of Democracy that could wage war across three continents. If you weren't heading overseas, you were heading into the factories – factories that had to be immediately retooled and reorganized to produce the world's greatest fighting machine.

Many doubted whether this could be achieved in time, or even at all. President Franklin Roosevelt's own advisors told him that his goals for wartime

production were unrealistic and impossible to meet. But the President simply waved them off, saying, believe me, "the production people can do it if they really try."

And so the nation turned here, to Detroit, with the hope that the Motor City could lead the way in using its assembly lines to mass produce arms instead of automobiles. At first, the industry was skeptical about whether this was technologically possible or even profitable in the long run. But after repeated assurances from Roosevelt and some help from the federal government, the arsenal began to churn.

In an astonishingly short period of time, the auto industry and its workers became one of the nation's most important contributors to the war effort, manufacturing more planes, tanks, bombs and weapons than the world had ever seen. *The New York Times* declared that the automakers had achieved a "production miracle," and it labeled Detroit "the Miraculous City."

It was a miracle that was distinctly American – the idea that in the face of impossible odds, people who love their country can rise to meet its greatest challenges.

It's the kind of American miracle we need today.

At the dawn of the twenty-first century, the country that faced down the tyranny of fascism and communism is now called to challenge the tyranny of oil. For the very resource that has fueled our way of life over the last hundred years now threatens to destroy it if our generation does not act now and act boldly.

We know what the dangers are here. We know that our oil addiction is jeopardizing our national security – that we fuel our energy needs by sending \$800 million a day to countries that include some of the most despotic, volatile regimes in the world. We know that oil money funds everything from the madrassas that plant the seeds of terror in young minds to the Sunni insurgents that attack our troops in Iraq. It corrupts budding democracies, and gives dictators from Venezuela to Iran the power to freely defy and threaten the international community. It even presents a target for Osama bin Laden, who has told al Qaeda to, "focus your operations on oil, especially in Iraq and the Gulf area, since this will cause [the Americans] to die off on their own."

We know that our oil dependency is jeopardizing our planet as well – that the fossil fuels we burn are setting off a chain of dangerous weather patterns that could condemn future generations to global catastrophe. We see the effects of global climate change in our communities and around the world in record

drought, famine, and forest fires. Hurricanes and typhoons are growing in intensity, and rapidly melting ice sheets in Antarctica and Greenland could raise global sea levels high enough to swallow up large portions of every coastal city and town.

And this city knows better than any what our oil addiction is doing to our economy. We are held hostage to the spot oil market – forced to watch our fortunes rise and fall with the changing price of every barrel. Gas prices have risen to record levels, and could hit \$4 a gallon in some cities this summer. Here in Detroit, three giants of American industry are hemorrhaging jobs and profits as foreign competitors answer the rising global demand for fuel-efficient cars.

America simply cannot continue on this path. The need to drastically change our energy policy is no longer a debatable proposition. It is not a question of whether, but how; not a question of if, but when. For the sake of our security, our economy, our jobs and our planet, the age of oil must end in our time.

This is a challenge that has not been solved for a lack of talking. Every single President since Richard Nixon has spoken in soaring rhetoric about the need to reduce America's energy dependence, and many have offered plans and policies to do so.

And yet, every year, that dependence keeps on growing. Good ideas are crushed under the weight of typical Washington politics. Politicians are afraid to ask the oil and auto industries to do their part, and those industries hire armies of lobbyists to make sure it stays that way. Autoworkers, understandably fearful of losing jobs, and wise to the tendency of having to pay the price of management's mistakes, join in the resistance to change. The rest of us whip ourselves into a frenzy whenever gas prices skyrocket or a crisis like Katrina takes oil off the market, but once the headlines recede, so does our motivation to act.

There's a reason for this.

A clean, secure energy future will take another American miracle. It will require a historic effort on the scale of what we saw in those factories during World War II. It will require tough choices by our government, sacrifice from our businesses, innovation from our brightest minds, and the sustained commitment of the American people.

It will also take leadership willing to turn the page on the can't-do, won't-do, won't-even try politics of the past. Leadership willing to face down the

doubters and the cynics and simply say, “Believe me, we can do it if we really try.”

I will be that kind of President – a President who believes again in America that can. A President who believes that when it comes to energy, the challenge may be great and the road may be long, but the time to act is now; who knows that we have the technology, we have the resources, and we are at a rare moment of growing consensus among Democrats and Republicans, unions and CEOs, evangelical Christians and military experts who understand that this must be our generation’s next great task.

A comprehensive energy plan will require bold action on many fronts. To fully combat global climate change, we’ll need a stringent cap on all carbon emissions and the creation of a global market that would make the development of low-carbon technologies profitable and create thousands of new jobs. We’ll also need to find a way to use coal – America’s most abundant fossil fuel – without adding harmful greenhouse gases to the environment.

I have already endorsed a cap-and-trade system that would achieve real near-term reductions in greenhouse gas emissions and return America to a position of leadership so that we can secure an effective and equitable global solution to this crisis. It would invest substantial revenue generated by auctioning off emissions credits into the development of carbon sequestration, advanced biofuels, and energy efficiency.

We’ll also need new ideas on energy efficiency and the ability to harness renewable sources of energy, because there is absolutely no reason we shouldn’t be able to get at least 20% of our energy from clean and renewable sources by 2020.

I will be laying out more detailed proposals on each of these areas in the months to come. But here in Detroit, I want to focus on a few proposals that would drastically reduce our oil dependence and our carbon emissions by focusing on two of their major causes – the cars we drive and the fuels we use. By 2020, these proposals would save us 2.5 million barrels of oil per day – the equivalent of ending all oil imports from the Middle East and removing 50 million cars’ worth of pollution off the road.

It starts with our cars – because if we truly hope to end the tyranny of oil, the nation must once again turn to Detroit for another great transformation.

I know these are difficult times for automakers, and I know that not all of the industry’s problems are of its own making.

But we have to be honest about how we arrived at this point.

For years, while foreign competitors were investing in more fuel-efficient technology for their vehicles, American automakers were spending their time investing in bigger, faster cars. And whenever an attempt was made to raise our fuel efficiency standards, the auto companies would lobby furiously against it, spending millions to prevent the very reform that could've saved their industry. Even as they've shed thousands of jobs and billions in profits over the last few years, they've continued to reward failure with lucrative bonuses for CEOs.

The consequences of these choices are now clear. While our fuel standards haven't moved from 27.5 miles per gallon in two decades, both China and Japan have surpassed us, with Japanese cars now getting an average of 45 miles to the gallon. And as the global demand for fuel-efficient and hybrid cars have skyrocketed, it's foreign competitors who are filling the orders. Just the other week, we learned that for the first time since 1931, Toyota has surpassed General Motors as the world's best-selling automaker.

At the dawn of the Internet Age, it was famously said that there are two kinds of businesses – those that use email and those that will. Today, there are two kinds of car companies – those that mass produce fuel-efficient cars and those that will.

The American auto industry can no longer afford to be one of those that will. What's more, America can't afford it. When the auto industry accounts for one in ten American jobs, we all have a stake in saving those jobs. When our economy, our security, and the safety of our planet depend on our ability to make cleaner, more fuel-efficient cars, every American has a responsibility to make sure that happens.

Automakers still refuse to make the transition to fuel-efficient production because they say it's too expensive at a time when they're losing profits and struggling under the weight of massive health care costs.

This time, they're actually right. The auto industry's refusal to act for so long has left it mired in a predicament for which there is no easy way out.

But expensive is no longer an excuse for inaction. The auto industry is on a path that is unacceptable and unsustainable – for their business, for their workers, and for America. And America must take action to make it right.

That's why my first proposal will require automakers to meet higher fuel standards and produce more fuel-efficient cars while providing them the flexibility and assistance to do it.

This is a proposal that's already brought together Republicans and Democrats, those who've long-advocated increases in our fuel standards, and those who have opposed those increases for years. It enjoys the support of corporate leaders like Fred Smith of Federal Express who understand that our economy is at risk if we fail to act and military leaders like General P.X. Kelley who know all too well the human cost of our nation's addiction to oil.

It's a proposal that answers the concerns that many have previously had with raising fuel standards - that it's too expensive, or unsafe, or not achievable. And it's an approach that asks our government, our businesses, and our people to invest in a secure energy future - that recognizes we can make great cars and protect American jobs if we transform the auto industry so that our autoworkers can compete with world once more.

It begins by gradually raising our fuel economy standards by four percent - approximately one mile per gallon - each year. The National Academy of Sciences has already determined that we can begin to achieve this rate of improvement today, using existing technology and without changing a vehicle's weight or performance. And so the only way that automakers can avoid meeting this goal is if the National Highway Traffic and Safety Administration can prove that the increase is not safe, not cost-effective, or not technologically possible.

This proposal provides additional flexibility to manufacturers as well. Currently, domestic automakers are disadvantaged by the requirement that their fleets have to meet the same overall fuel standard as foreign manufacturers even though U.S. companies sell a much broader array of vehicles. My approach would establish different fuel standards for different types of cars. This reform will level the playing field by requiring all car makers to achieve a similar rate of progress regardless of their vehicle mix. It will also allow manufacturers to get credit if they increase the fuel-efficiency in one particular car beyond what the fuel economy standards require.

We also know that, absent some assistance, the significant costs associated with retooling parts and assembly plants could be prohibitive for companies that are already struggling and shedding workers. Our goal is not to destroy the industry, but to help bring it into the 21st century. So if the auto industry is prepared to step up to its responsibilities, we should be prepared to help.

That's why my proposal would provide generous tax incentives to help automakers upgrade their existing plants in order to accommodate the demands of producing more fuel-efficient vehicles.

This approach would also strike a bargain with the auto industry on one of the biggest costs they face. We've heard for years that the spiraling cost of health care for retired autoworkers constrains manufacturers from investing in more fuel-efficient technology. We all know the statistic - health care costs currently account for \$1,500 of every GM Car. So here's the deal. We'll help to partially defray those health care costs, but only if the manufacturers are willing to invest the savings right back into the production of more fuel-efficient cars and trucks.

Finally, we should make it easier for the American people to buy more fuel-efficient cars by providing more tax credits to more consumers for the purchase of hybrid and ultra-efficient vehicles. But we should also realize that the more choices we have as consumers, the more responsibility we have to buy these cars - to realize that a few hundred extra dollars for a hybrid is the price we pay as citizens committed to a cause bigger than ourselves.

For too long, we've been either too afraid to ask our automakers to meet higher fuel standards or unwilling to help them do it. But the truth is, if we hope for another miracle out of Detroit, we have to do both. We must demand that they revamp their production, we must assist that transition, and we must make the choice to buy these cars when we have the option. All of us have a responsibility here, and all of us are required to act.

Now it's not enough to only build cars that use less oil - we also have to start moving away from that dirty, dwindling fossil fuel altogether. That's why my second proposal will create a market for clean-burning, home-grown biofuels like ethanol that can replace the oil we use and begin to slow the damage caused by global climate change.

The potential for biofuels in this country is vast. Farmers who grow them know that. Entrepreneurs and fueling station owners who want to sell them know that. Scientists and environmentalists who study the atmosphere know it too.

It's time we produced, sold, and used biofuels all across America - it's time we made them as commonly available as gasoline is now.

I've already done some of this work in the U.S. Senate by helping to provide tax credits to those who want to sell a mix of ethanol and gasoline

known as E85 at their fueling stations. And since it only costs \$100 per vehicle to install a flexible-fuel tank that can run on biofuels, I've also proposed that we help pay for this transition.

Government should lead the way here. I showed up at this event in a government vehicle that does not have a flexible-fuel tank. When I'm President, I will make sure that every vehicle purchased by the federal government does.

Of course, to truly overcome the lack of a biofuel infrastructure in this country, we need to create a market for the production of more biofuels.

Like the auto industry, the oil industry has generally been resistant to making the transition from petroleum to biofuels – with some even trying to block the installation of E85 pumps at fueling stations.

To overcome this resistance and create this infrastructure, I've introduced a proposal known as a National Low-Carbon Fuel Standard, based on the one introduced by Governor Arnold Schwarzenegger in California just a few months ago. Like raising our fuel-efficiency standards, this approach simultaneously reduces our dependence on oil and reduces greenhouse gas emissions.

The idea behind the standard is simple.

Beginning in 2010, we will require petroleum makers to reduce the carbon content of their fuel mix one percent per year by selling more clean, alternative fuels in its place. This proposal will spur greater production and availability of renewable fuels like cellulosic ethanol and biodiesel, and it will even create an incentive for the production of more flexible-fuel and plug-in hybrid vehicles that can use these clean fuels or charge up with renewable electricity.

This approach will also allow the market, not the government, to determine which fuels are used by fuel distributors to meet the standard. It's gradual, so it gives these companies time to meet the requirements. And if you're a fuel producer that's having trouble meeting the standard, it allows you to pay for a credit from a company that is.

The low-carbon fuel standard also provides a greater incentive for private sector investment in the cleanest biofuels possible. Corn-based ethanol has led the way here, and now we need to expand the universe of biofuels to include cellulosic ethanol made from switchgrass or forest waste that can reduce our carbon footprint even further.

In the end, the two major proposals I outlined today – higher fuel-efficiency standards and a National Low-Carbon Fuel Standard – will not end our oil dependence entirely.

But the transformation of the cars we drive and the fuels we use would be the most ambitious energy project in decades, with results that would last for generations to come: 2.5 million fewer barrels of oil per day; 50 million cars' worth of pollution off the road by 2020. The direct consumer savings at the pump in that year would be over \$50 billion, not to mention the great economic benefits of a rejuvenated and fiercely competitive domestic auto industry.

Some will say that the goals are too large; that the ask is too great; and that the political reality is too difficult for this to work.

To that I'd say that we've heard it all before, and we still believe we can do it if we really try. Because that's who we are as Americans. Because that's who we've always been.

In the days and months after September 11th, Americans were waiting to be called to something larger than themselves. Just like their parents and grandparents of the Greatest Generation, so many of us were willing to serve and defend our country – not only on the fields of war, but on the homefront too.

This is our generation's chance to answer that call. Meeting the challenge posed by our oil dependence won't require us to build the massive war machine that Franklin Roosevelt called for so many years ago, but it will require the same sense of shared sacrifice and responsibility from all of us – not just the auto industry and its workers here in Detroit, but oil companies in Texas, power plants from New Jersey to California, legislators in Washington, and consumers in every American city and town. It's time for all of us to head back into the factories and universities; to the boardrooms and the halls of Congress so we can roll up our sleeves and find a way to get this done. I am ready and willing to lead us there as your next President, and I hope you are willing to join me in the journey toward that next great American miracle. Thank you.

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BARACK OBAMA: A NEW AMERICAN MIRACLE

Barack Obama is proposing a plan to change the cars we drive and the fuels we use to reduce our dependence on foreign oil and fight the causes of global climate change. By 2020, Obama's plan will have cut our oil consumption by 2.5

million barrels of oil per day; take 50 million cars' worth of pollution off the road; saved more than \$50 billion at the gas pump; and helped the auto industry save millions of jobs and regain its competitive footing in the world

GLOBAL CLIMATE CHANGE AND OUR DEPENDENCE ON FOREIGN OIL

"The very resource that has fueled our way of life over the last 100 years now threatens to destroy it if our generation does not act now and act boldly."

Our nation is confronted by two major challenges –global climate change and our dependence on foreign oil – both of which stem from our use of fossil fuels for energy.

- America's 20-million-barrel-a-day oil habit costs our economy \$800 million a day, and \$300 billion annually. Every single hour we spend \$18 million on foreign oil.
- America's oil consumption increased by over 20 percent between 1992 and 2005. Our energy-related carbon dioxide emissions increased by more than 15 percent between 1993 and 2005.
- The vast majority of scientists agree that global warming is real, is happening now and is the result of human activities. The number of Category 4 and 5 hurricanes has almost doubled in the last 30 years. Glaciers are melting faster; trees are blooming earlier; oceans are becoming more acidic; people are dying in heat waves; and species are migrating or becoming extinct. Scientists predict that climate change could bring famine and drought to some of the poorest places in the world.

One of the greatest opportunities to simultaneously combat global warming and oil dependence comes in the transportation sector.

1. THE CARS WE DRIVE

"Today, there are two kinds of car companies – those that mass produce fuel-efficient cars and those that will. The American auto industry can no longer afford to be one of those that will. What's more, America can't afford it. When the auto industry accounts for one in ten American jobs, we all have a stake in saving those jobs. When our economy, our security, and the safety of our planet depend on our ability to make cleaner, more fuel-efficient cars, every American has a responsibility to make sure that happens."

A. Fuel Economy Standards

The Problem

In response to the OPEC oil embargo in the 1970s, Congress enacted Corporate Average Fuel Economy (CAFE) standards.

- CAFE raised the average gas mileage of cars and trucks from just over 14 miles per gallon (mpg) in 1976 to 27.5 mpg for cars and 20.7 mpg for trucks by 1985.
- By enacting these standards, the country saves approximately 80 billion gallons of gas each year, making it the most successful energy-saving measure ever adopted.

Unfortunately, CAFE standards have remained frozen for 20 years.

- Standards for cars have remained at 27.5 mpg since 1985. The standard for trucks has only increased by 2 mpg to 22.2 mpg for 2007.
- The auto industry has developed numerous innovations, which allowed fuel economy standards to rise to 45 mpg in Japan.
- In Washington, there has been a logjam between those who want Congress to mandate specific CAFE increases, and those who want to cede the choice to the National Highway Traffic Safety Administration (NHTSA), even though the agency has been unable to overcome institutional and political obstacles for 20 years.

The Solution

Barack Obama introduced a bold new plan that brought Republicans and Democrats, CAFE supporters and long-time opponents together in support of legislation that would gradually increase fuel economy standards and offer what the *New York Times* editorial page called “real as opposed to hypothetical results.” Obama’s innovative approach would gradually increase CAFE standards while protecting the financial future of domestic automakers:

- **A New Approach.** Establish a targeted 4 percent increase each year in CAFE standards - a rate that the National Academy of Sciences has determined is possible without changes in vehicle weight or performance - unless the experts at NHTSA justify a deviation in that rate by proving that the increase is technologically unachievable, cannot maintain overall fleet safety, or is not cost-effective.
- **Flexibility for Manufacturers.** Provide fairness and flexibility to domestic auto makers by establishing different standards for different types

of cars. Currently manufacturers have to meet broad standards over their whole fleet of cars. Obama's plan provides further flexibility by giving NHTSA the authority to allow companies to earn credit for improving fuel efficiency beyond the CAFE standard in one type of car, and using those credits to meet goals for other vehicle models.

- **Real Results.** If the 4 percent per year target is met for ten years after the continuous provision improvements go into effect, Obama's plan will save 1.3 million barrels of oil per day and 20 billion gallons of gasoline per year. If gasoline is just \$2.50 per gallon, consumers will save over \$50 billion per year at the pump by 2020.

B. Help for Consumers

The Problem

Under current law, tax credits of up to \$3,150 are available for consumers who buy hybrid vehicles -- but only if they buy one of the first 60,000 ultra-efficient vehicles produced by a given manufacturer. This irrational rule reduces both consumer incentives to buy efficient vehicles and manufacturer incentives to make them on a massive scale. Toyota reached the 60,000 mark in the summer of 2006.

The Solution

- **Help for Consumers.** – Barack Obama would lift the 60,000-per-manufacturer cap on buyer tax credits to allow more Americans to buy ultra-efficient vehicles.

C. Help for Car Makers

The Problem

Wide scale deployment of hybrid and advanced fuel efficient vehicles could further slash our dependence on overseas oil. But, as the demand for fuel-efficient cars increases globally, foreign manufacturers are filling the orders by increasing production of hybrid cars.

- In March 2007, Americans bought 34,636 hybrid cars. Of those, 83 percent were Toyotas, 9 percent were Hondas, and only 7 percent were built by Ford or Mercury.
- In just March of 2007, Toyota sold more than 19,000 of its hybrid Prius models. That is more than the sales volume of entire brands like Cadillac.

- The United States is the largest market for hybrid vehicles.

The U.S. automotive industry is facing record losses and is struggling to afford the investments to adapt to hybrid technology. The Big Three automakers argue that their retiree health care costs hurt their ability to invest and compete.

- Retiree health costs totaled about \$6.2 billion in 2006. Health care costs account for \$1,500 of every GM car.

The Solution

The auto industry must invest in more fuel-efficient cars if it hopes to compete with foreign competition and thrive in the future – but knowing the challenges U.S. automakers face, the federal government has a role in helping them do it.

- **Help for Manufacturers.** To help American automakers meet these important new goals, Barack Obama would offer them the choice between the following two benefits:
 - **Retiree health care relief.** Participating automakers would receive federal financial assistance to cover 10 percent of their annual legacy health care costs through 2017. Automakers would be required to invest at least 50 percent of these savings into manufacturing fuel efficient cars in the United States
 - **Generous tax incentives for retooling parts and assembly plants.**

The proposal addresses a complex problem in a way that strengthens the American economy and avoids giving automakers a no-strings-attached bailout. Autoworkers could get the health care they had been promised, the auto industry would be back on a competitive footing, and our reliance on foreign oil would be reduced.

2. THE FUEL WE USE.

“Now It’s not enough to only build cars that use less oil – we also have to start moving away from that dirty, dwindling fossil fuel altogether. . . . it’s time we produced, sold, and used biofuels all across America – it’s time we made them as commonly available as gasoline is now.”

The Problem

Transportation accounts for 60 percent of U.S. oil consumption and one-third of U.S. global warming pollution. We need to use less fuel, and of the fuel we do use, we need to emit less carbon.

The Solution

One important way to use oil more efficiently is for the nation to transition towards fuels that emit less carbon dioxide. In January 2007, California Governor Schwarzenegger issued an executive order to establish a low carbon fuel standard for transportation fuels sold in California. Under the California standard, the carbon intensity of California's passenger vehicle fuels would be reduced by 10 percent by 2020.

Barack Obama has proposed the creation of a National Low Carbon Fuel Standard (NLCFS) that would:

- ➤ **Set a National Standard for Low Carbon Fuels.** The lifecycle greenhouse gas emissions of the pool of passenger vehicle fuels sold in the U.S. would be reduced by 5 percent in 2015 and 10 percent in 2020.

- **Let the Market Work.** The market, rather than the government, would determine which fuels are used by fuel distributors and blenders to meet the NLCFS.
 - ➤ Because biofuels generally have lower lifecycle greenhouse gas emissions than gasoline, the NLCFS in effect would spur greater production of renewable fuels, such as corn and cellulosic ethanol, and biodiesel made from plant oils such as soybeans.

 - The NLCFS will create a market incentive for greater research and investment into developing cleaner, less carbon-intensive fuels. The NLCFS will also create an incentive for the production of more flexible-fuel vehicles that can run on ethanol and more plug-in hybrid vehicles that run on electricity.

 - The Obama plan also includes a clean transportation fuel standard, which requires fuel blenders to use minimum amounts of Clean Fuels (50 percent lower lifecycle greenhouse gas emissions than gasoline) and Ultra-Clean

Fuels (75% lower greenhouse gas emissions). This requirement signals to investors that there will be a market for advanced fuels, but still allows significant leeway for fuel blenders to choose the optimal mix of fuels to meet their overall greenhouse gas emissions targets.

- The Obama proposal includes a banking and credit trading mechanism to allow providers of cleaner-burning fuel to trade allowances to other producers or bank allowances against future carbon reductions.

- **Real Results: Reduced Emissions.** According to one estimate, the NLCFS would reduce annual greenhouse gas emissions by about 180 million metric tons in 2020 compared to 2007 levels. This is the equivalent of taking over 30 million cars off the road in 2020. If enacted in conjunction with Obama's proposal to raise fuel efficiency standards, the NLCFS would reduce emissions by about 530 million metric tons of greenhouse gases in 2020, the equivalent of taking over 50 million cars off the road.

- **Real Results: Reduced Gasoline Consumption.** By making greater use of home-grown, renewable fuels, the NLCFS could reduce the annual consumption of gasoline by about 30 billion gallons in 2020.

