

STATEMENT OF HOWARD M. SMOLKIN
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BEFORE THE
SUBCOMMITTEE ON ENERGY REGULATION AND CONSERVATION
OF THE
SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
REGARDING
FUEL ECONOMY STANDARDS

April 4, 1989

Mr. Chairman and Members of the Committee.

I am pleased to appear before you today to discuss the issue of motor vehicle fuel economy standards. With me at the table is Barry Felrice, our Associate Administrator for Rulemaking, and Steve Wood, our Assistant Chief Counsel for rulemaking.

My remarks today will be brief. Secretary Skinner is presently reviewing the issues raised in a pending rulemaking concerning whether to reduce the corporate average fuel economy standard of 27.5 mpg to a level between 26.5 and 27.5 mpg for the 1990 model year. Until the Secretary has made his decision, statements on behalf of the Department will necessarily avoid positions that could be construed as indicating the Secretary's intent.

Having said this, I want to assure you that the Secretary is mindful of the issues of energy conservation and the environment. The fuel efficiency of motor vehicles is one of a wide range of issues relating to the energy conservation and the national economy that the new Administration has begun reviewing.

The U.S. has made major improvements in fuel economy over the past decade, to the point where the fuel economy of the new car fleet in the

past three years has exceeded the 27.5 mpg goal set by Congress. The question of how to make further gains will require a consideration of a multitude of factors -- economic practicability; technological feasibility; possible tradeoffs regarding safety, comfort, passenger-carrying capacity, and performance; environmental effects; impacts on domestic employment; and effects on the U.S. economy -- as well as energy conservation.

The Department of Transportation will be discussing these matters with the Environmental Protection Agency (on environmental issues), the Department of Energy (on fuel conservation needs), the Department of Commerce (on jobs and competitiveness), and other Departments and agencies.

Upon the Secretary's decision on the rulemaking regarding the CAFE standard for model year 1990, we will be in a better position to discuss the issues raised by the various legislative proposals to increase the CAFE standard for future model years beyond 27.5 mpg.

By way of general comment about legislation affecting fuel economy, we note that (1) the Department currently has sufficient regulatory authority to amend the passenger car and light truck standards, and (2) the setting of any standard should be based on an assessment of the feasibility of achieving the standard, considering the factors enumerated above.

Mr. Chairman, this concludes my remarks. Within the limits I described, we will be glad to try to answer any questions you may have.