



FUELING AMERICA: HIGH FUEL COSTS PUT THE BRAKES ON FAMILY BUDGETS

Every day, Americans rely on cars, trucks, planes, ships and trains to move people, essential commodities and freight across the country. Since early 2021, when gasoline and diesel prices began to increase, we have seen the impact higher gasoline and diesel costs have had on the family budget, as well as the price of eggs, bread, milk, clothing and other commodities that are delivered via diesel truck. Those costs are spurring our persistent inflation and further robbing from our household budgets.

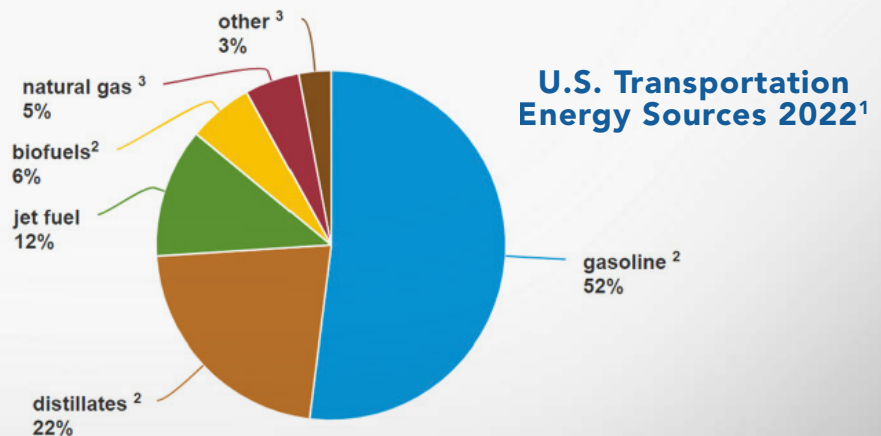
With more families hitting the road for summer adventures in the coming months, fuel costs and the cost to family budgets will remain top of mind for most Americans. While some of these increased costs are due to global conflicts and instability, much is

also caused by federal and state government regulatory controls that limit domestic energy production and distribution, and add costs to refining and delivery. Because of this, it is likely that gasoline and diesel prices will increase over the summer and into the fall. Our households, small businesses, and communities need relief.

Let's break down exactly how energy costs influence our everyday needs. The U.S. transportation sector consumed [27% of total U.S. energy in 2022](#), the latest government data available. The fuels consumed include:

- Petroleum products – such as gasoline, diesel and jet fuel
- Biofuels – including ethanol
- Natural gas
- Electricity

To keep America's families and economy moving, the U.S. transportation industry relies heavily on oil and gas resources. Gasoline is the most commonly used fuel, with family cars, trucks and motorcycles consuming the largest share. In 2022, petroleum products provided [90% of the total energy](#) used to power these modes of transportation.



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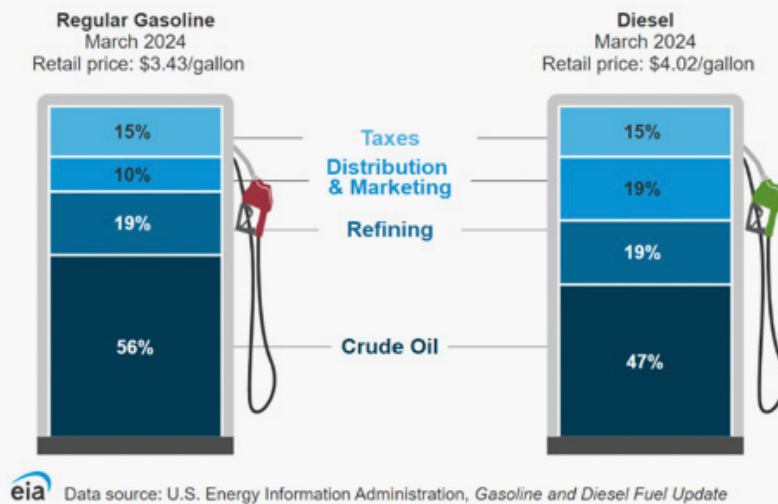
PUMP PRICE PAINS

In March 2024, Americans paid an average of \$3.43 for a gallon of regular gasoline. The price is determined by a number of factors, including:



- The cost of crude oil on global markets
- Refining costs
- Distribution and marketing
- Federal, state and local taxes

The invisible hand of supply and demand is always a factor. If an oil-producing country stops or slows production, disruptions to the supply of crude oil ensue and prices rise. Although the United States is the world's largest producer of oil and gas, our complex energy systems depend in part on foreign crude oil, which increases the risk of higher prices when markets are volatile. That is why policies that promote affordable, reliable and environmentally responsible domestic energy production are so critical to our long-term energy, economic and national security.



Fuel blend regulations can also affect gasoline prices during the summer months. These requirements, which aim to reduce smog and ozone which form more readily during warmer weather, increase refining costs, which are passed on to consumers. GasBuddy's 2024 Fuel Outlook predicts Memorial Day will be this year's [priciest holiday at the pump](#).

Gasoline price changes of just a few cents per gallon can significantly alter household expenses. GasBuddy estimates that Americans will spend [\\$446.9 billion](#) on gasoline in 2024 – or nearly [\\$2,500 per household](#). For families living at or below the poverty line, higher fuel prices mean they may have to choose between gasoline for commuting and other household essentials, such as groceries or rent. A 2022 Gallup survey revealed [rising gasoline prices cause financial hardship for two-thirds of Americans](#).

MOVING AMERICA'S FREIGHT

Like American families, business and industry are also affected by fuel costs. The trucking industry is a fundamental engine of U.S. commerce because it delivers almost three-quarters of the goods moved across the country. According to the American Trucking Associations, trucks are responsible for transporting [11.46 billion](#) tons of freight annually – 72.6% of America's total freight tonnage.

That requires [43 million trucks and heavy-duty haulers](#) and nearly [45 billion gallons](#) of diesel and gasoline every year. It's no surprise then that fuel costs are truckers' largest expense.

When the price of fuel goes up for the trucking or transport industry, consumers pay more for everything delivered by truck – eggs, milk, bread, shoes, lumber. This, in turn, drives inflationary pressure across the entire economy.

VACATION TRAVEL

In 2023, American travelers contributed [\\$1.3 trillion](#) to the U.S. economy. The U.S. Travel Association predicts a continual increase in American vacation travel in the near term. However, [61% of Americans](#) said fuel prices were a big factor in their summer travel plans. So higher prices mean less distance traveled, fewer locations visited and less spending.

It's not just the Great American Road Trip that gets squeezed when prices rise. Air tickets and cruise fares get hit, too. Fuel prices account for up to [40% of airlines' operational costs](#). A typical [cruise ship uses 30 tons of fuel per day](#) while underway – a cost of tens of thousands of dollars daily. Higher fuel prices leave air and cruise lines with two options – higher fees or fewer services.

For states that rely heavily on tourism, higher pump prices lead to fewer travelers and less tourism revenue. Tourism contributes [\\$2.8 trillion to the U.S. economy](#), employs [15 million Americans](#) and the industry pays [\\$89 billion in state and local taxes](#).

THE IMPORT BURDEN

Since oil and gas still provide most of the energy used in transportation, the more than [6.4 million barrels of crude imported daily](#) (as of 2023) are important to ensure American consumers and businesses can meet their transportation needs. We all know that when oil prices rise because of supply disruptions and geopolitical events, pump prices rise.

Importing crude oil from foreign countries is expensive, too. The average supertanker burns more than [1,600 gallons of fuel per hour](#). Tankers traveling up to 60 days from the Persian Gulf carrying up to 2 million barrels of oil will require a significant amount of fuel just to make the trip to U.S. ports. These tankers also emit about [114 million tons of carbon dioxide \(CO2\) annually](#). While the U.S. can meet most of its needs with domestic oil and gas, certain uses require different crude grades that must be imported.

While the U.S. is a leading producer of oil and natural gas, we have the capacity to produce even more, which would help alleviate some of the price impacts. However, additional regulations and production restrictions imposed since 2021 have curtailed onshore and offshore energy production, which sends a near-term negative investment signal to the market that invariably increases prices while curtailing future production over a longer term – a cost that takes several years to appear.

FUEL BLENDS

The Biden Administration recently issued a waiver allowing the sale of gasoline containing 10.5%-15% ethanol (E15) between June 1 and September 15 (when it is typically prohibited for environmental reasons.) The Administration presented this as a move to alleviate high gasoline prices, but the catch is that E15 is available at only [2% of all U.S. gas stations](#) – in just [31 states](#). So, in reality, what's spun as price relief for Americans have little practical impact, and is no substitute for strong energy policies that encourage environmentally responsible, affordable and reliable natural gas and oil supplies.

THE ELECTRIC VEHICLE MARCH SLOWS

There are currently about [3 million electric vehicles](#) (EVs) and plug-in hybrids on the road – more than double than just three years ago, coming off a low baseline. However, the pace of EV adoption [slowed in the first quarter](#) of this year, as the early adopter market reached saturation, range fears persisted and Americans by and large preferred internal combustion-powered vehicles. [The steep price of EVs](#) compared to traditional vehicles has also [been a factor](#) cooling EV demand.

While battery EVs require no gasoline or diesel to operate, most of them and plug-in hybrids use rechargeable lithium-ion batteries. Lithium, also used in batteries for computers and cell phones, must be mined from ore or extracted from underground saltwater lakes or deep ocean waters.



Here's the rub: EVs require electricity, which means generation fueled by natural gas, nuclear, coal, solar, wind or water.

There remain [many obstacles to EV adoption](#) including their higher cost, and inadequate charging infrastructure. These factors— and others identified by CEA's [Freedom to Fuel](#) report – need to be addressed by policymakers to ensure that America's electricity generation, transmission and distribution is up to the task of handling the increased load – which may mean decades of work.

PROTECTING THE ENVIRONMENT

In recent years, steps have been taken by regulators and the energy industry to increase safety and environmental protections with onshore and offshore development, including hundreds of new exploration, production, safety, and environmental management standards.

Not only does development of domestic energy resources help American consumers and businesses by lowering fuel costs, it helps minimize the environmental cost of contracting out overseas energy production. The energy industry is constantly innovating with technology that lowers environmental impact with more accurate and effective exploration and production methods. Oil and gas operators are reducing emissions by investing in more efficient equipment and finding better ways to detect leaks.

Industry innovation is also making exploration more effective, clean and environmentally safe with the use of artificial intelligence and other digital technologies. AI could help develop more capable extraction and production of oil and gas reserves while improving efforts to conserve natural resources and safeguard the environment. Enhanced seismic imaging helps companies more accurately locate oil and gas resources in the ground, which both protects the environment and possibly lowers energy prices for consumers. Money for research and development is being spent to advance biofuels, energy-efficiency processes and materials and understand environmental life cycles.

Overall, the combined weight of all federal regulations on our domestic economy cost over \$3 trillion in 2022, with the energy and environmental categories producing the [highest-cost regulations](#), according to the National Association of Manufacturers. That number will only have increased since then, given all the new regulations and restrictions put in place since then.

MOVING FORWARD

American families and businesses rely on affordable, reliable and environmentally responsible energy resources to meet their transportation needs - to ensure delivery of affordable clothes and food and to fuel the summer road trips that build memories for a lifetime. Greater domestic production helps make that possible, securing our energy, economy and nation. However, geopolitical tensions, regulatory red tape and protests by anti-energy activists are directly challenging America's access to our own abundant energy resources on federal lands and waters.

Add in attempts to limit domestic fuel supplies, and we have policies that make energy less affordable and reliable for the American families and small businesses that rely on it.

The end result is that American families and small businesses are paying more for fuel in the summer of 2024 than they should.

