

EXECUTIVE SUMMARY

Historically, some business leaders and policymakers have been skeptical of environmental-friendly business practices for fear they would prove a cost burden that reduced profits and cut into economic growth. However, today, as the world wrestles with the twin challenges of economic recovery and environmental sustainability, there is a growing awareness that “green” business practices do not fall solely to the cost side of the ledger and can, in fact, deliver substantial benefits. In particular, business practices that create “green jobs” can stimulate economic growth, reduce reliance on pollution-generating fossil fuels, and reduce the volume of carbon emissions. Increasingly, business leaders at all levels are beginning to realize that building green strategies into their planning is a smart business practice that can help the bottom line.

In the United States, a greening of corporate vehicle fleets presents an opportunity to generate both economic and environmental benefits. Fleet vehicles account for nearly one of every five new vehicle purchases in the United States each year. Because fleets tend to turn over quickly, there is an opportunity to move a substantial number of cleaner technology cars and trucks onto the road in a small number of years. Moreover, if historical rates of fleet vehicle turnover are maintained, clean technology vehicles purchased for corporate and rental fleets would find their way into the used car market and end up in the hands of private owners very quickly – spreading the benefits of fuel-efficient, low-emission vehicles even more widely.

Thus the announcement by AT&T earlier this year of a 10-year program to buy or convert 15,000 of its vehicles to cleaner technology represents a significant example of what could potentially lead to a widespread shift in the makeup of corporate fleets. A similar shift by a significant number of corporations, vehicle rental businesses, and government agencies to convert their fleets would mean substantial reductions in carbon emissions and gasoline consumption. It also would support thousands of jobs, particularly in the nation’s struggling automotive industry.

AT&T’s planned fleet vehicle purchases and modifications will help support an average of 1,000 jobs each year from 2009-2013. Replacing fleet vehicles normally equipped with standard internal combustion engines with hybrid vehicles or vans and trucks converted to compressed natural gas (CNG) will reduce gasoline consumption by more than 49 million gallons over the next ten years and trim CO₂ emissions by 211,000 metric tons total over that period – the equivalent of removing more than 38,000 vehicles from the road for a year. Once all the new

vehicles have been phased in, the annual reduction of CO₂ will total 31,533 metric tons, an amount equal to the annual CO₂ emissions of 5,776 vehicles.

Taking this further, if half of U.S. corporate fleets were to emulate a green fleet plan similar to AT&T's over the next ten years, CAR estimates annual CO₂ emissions could be cut by the equivalent of 1.2 million vehicles. Such a shift to hybrid and alternative fuel vehicles could also cut annual gasoline consumption by 1.5 billion gallons once the technology shift was complete, and could create or retain some 20,000 assembly jobs. If just one-quarter of corporate fleets were to switch to green vehicles, the benefits would still be quite substantial – reducing emissions by the equivalent of 600,000 vehicles, cutting gasoline consumption by 750 million gallons a year, and supporting 10,000 assembly jobs.

Moving these gains from theory to reality, of course, would require a large number of fleet operations to commit to alternative technologies. Earlier this year, AT&T announced a 10-year, \$556 million investment plan to reduce its carbon footprint. Clearly, this is the type of response that corporate America is capable of undertaking and must be encouraged to pursue through a variety of programs that provide incentives to companies to absorb costs while also realizing the benefits of such actions.