AAA EXCLUSIVE INTERVIEW WITH PRESIDENT BARACK OBAMA (Cushing, Oklahoma - March 22, 2012)

President Obama sat for an exclusive interview with Yolanda Cade, AAA's managing director of public relations, in Cushing, Oklahoma to speak directly to AAA's 53 million members on the topic of high gasoline prices.

AAA: As you know, AAA proudly serves 53 million members, many of them, like most Americans are confused and they're frustrated about the rising gas prices. So what would you say to drivers that are feeling that pain in the pocketbook when they're filling up at the pump?

President Obama: Well, first of all, I understand what folks are going through, because it wasn't that long ago that I was having to fill up my gas tank and drive to work, shuttle the kids back and forth to school and their events, and it takes a big bite out of folks' paychecks. The challenge is that we've been going through this kind of cycle of ups and downs in gas prices for decades now. We don't have the control over our own energy security the way we need to. And so what we talked about today was an all of the above strategy that involves higher oil production here in the United States but also involves making our cars more fuel efficient, expanding biofuels, using all the resources we can to try to lessen our demand for foreign oil, which makes us less vulnerable to price spikes over the long term.

Right now the key thing that is driving higher gas prices is actually the world's oil markets and uncertainty about what's going on in Iran and the Middle East, and that's adding a $20 or $30 premium to oil prices, and that affects obviously gas prices. What's also driving it, and this is something that's not going to reverse, is increasing demand in countries like China and India. In 2010, for example China added 10 million cars just in that one year. So as more and more people around the world see their standards of living rising, they purchase cars, they have demand for oil, that creates a greater demand worldwide and that raises the price. That's why we've got to make sure that we don't just focus on production. We've also got to focus on fuel efficiency; we've also got to focus on alternatives. If we don't, we're going to continue to be subject to these kinds of price spikes anytime something happens around the world.

AAA: And just to pick up on that thread, talking about global forces – and you alluded to that today – given the global forces that are driving the oil and energy markets, what is the role of the President, if any, in addressing the price of gasoline that Americans are paying at the pump?

President Obama: Well, there are a couple of things that we can do right now. There are some bottlenecks in distribution that we're trying to impact, and building this pipeline from Cushing down to the Gulf is an example of where you get more oil to refineries faster that can hopefully be distributed more efficiently across the country. We are looking at making sure that we're enforcing laws preventing illegal speculation in the oil markets. That can have some modest impact potentially, if something is going on there that shouldn't be going on. But the most important thing I can do as a President is not to simply focus on tomorrow; it's focusing on getting America properly aiming towards our goal of continuing to reduce our dependence on foreign oil. And we've had success over the last three years, we've actually seen every year our oil imports decline even as we climbed out of a recession so the economy was growing. We've now doubled fuel efficiency standards on cars and trucks, and by the middle of the next decade we can expect the average car to be getting 55 miles per gallon. And that's going to mean you only take one trip to the gas station instead of two, and could end up saving the

average family about $8,000 during the life of their car. That would obviously be a big help. So, those are the kinds of strategies that I have the most control over, not the day-to-day spikes in the oil market.

AAA: And you talked about the economy, and if I can follow up on that there are signs that the American economy is improving. Do you have any concerns that the rising gas prices may at some point stifle the recovery?

President Obama: Well we saw that happen last year, where consumer confidence was building and then suddenly pulled back sharply. People are very sensitive to oil prices. The one thing that I think is important for us to remind voters, and I know this is a small consolation, but the payroll tax cut that we passed at the beginning of this year and then we've now extended to the end of the year, saves the average family about $1,000 a year. And that is helping to buffer some of these rising gas costs. So some of this we anticipated, and we said to ourselves: that's part of the reason why we've got to make sure we continue to extend this tax cut at least through the end of this year so that we don't see as much of an impact on what people actually have in their pockets as there would have been if they were socked with both a tax increase and rising gas prices at the same time.

AAA: Mr. President, you've advocated increased fuel economy and you talked about the fact that it is really an integral part of the solution to our overall energy needs. And then today we heard you talk about the importance of infrastructure and continued innovation. But speaking of balance: how do you effectively balance fuel efficiency and ensure there is appropriate infrastructure and at the same time preserve consumer vehicle choice?

President Obama: Well look, one of the great things we've been doing with the auto industry over the last couple of years is not only are we producing more fuel efficient cars, but they're better cars, more attractive cars, and safer cars. What we've been arguing consistently is that if we unleash American creativity, design, we properly incentivize people to think about fuel economy as part of overall design, Americans can make great cars. And if you look at the cars that are being built in Detroit right now, they're getting more gas mileage, they're safer than they were - they're not compromising on styling - and part of that is everything from figuring out the aerodynamics, to tire drag, to air conditioning systems that are more efficient. All those things, all those technological advances, are making a difference and we are continuing to spur advanced technology improvements in our auto vehicles. That includes conventional cars, but it also includes electric and hybrid cars.

So, I'll give you a small example. We've recently provided a $4 million grant to a company that it appears may have gotten a breakthrough on battery technology that could actually reduce the cost and expand the power of the batteries that are used in electric cars two-fold. That could bring down the price point. That could make the capacity to run further on a single charge much greater. It could reduce the amount of room that a battery takes up in a car. So all of that could make a huge difference in terms of us and Detroit being able to produce the very best, most fuel efficient cars in the world.

AAA: And in anticipation of that, at AAA, we're actually pilot testing delivering energy at the roadside, delivering an electric charge to electric vehicles. And speaking of American creativity and design ingenuity in electric vehicles, you said that when you leave office, that you will buy and drive a Chevy Volt. So what role then do you think that electric vehicles and other alternative vehicles help in preventing the kind of gas price fluctuations that we're now seeing? What role do you think they'll play in the future? Do you think they'll play an integral role?

President Obama: Look, you identified the big challenge. That is, people need to feel confident that when they get into an electric car that they're not going to get stuck because of range anxiety – and so to the extent that we start having both more efficient batteries but also distribution capacity, so that people feel confident that they're never going to get stuck, or at least not any more stuck than they do when they forget to fill up and then they call AAA. Then I think that we can see a substantial expansion in the use of electric vehicles over the future, and anything that we're doing to reduce oil consumption, while maintaining our growth and productivity, that's all good. Because frankly, the pressure on oil prices to go up over the coming two decades is going to be very difficult to reverse. You've got hundreds-of-millions of people in China, hundreds-of-millions of people in India, billions of people around the world, who want the same stuff we've got. They aspire to the same standard of living and having a car as we do. Demand is going to outstrip supply. We've got to come up with new technologies. That's what we're going to be working on.

AAA: Finally, Mr. President, and we've asked this of others in your Administration, tell us, what was your first car and do you have any fond memories of your driving experience that you'd like to share with us?

President Obama: Well, first of all, I was a AAA member for years, up until they [Secret Service] told me I couldn't drive anymore. But I have to confess; my first car was my grandfather's car, which was a Ford Granada. Now Ford is doing great now. The Ford Granada was not the peak of Detroit engineering. It rattled and it shook, and I don't think the girls were particularly impressed when I came to pick them up in a Ford Granada. But you know what? It moved and so I have fond memories of the fact that it got me to where I needed to go. That's about all I can say about the Ford Granada.

AAA: Thank you, Mr. President, on behalf of our 53 million members.