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Trump Answers Automaker Call for Review of \$33 Billion Rules

[John Lippert](#)

[Jennifer A. Dlouhy](#)

[David Welch](#)

March 15, 2017, 2:47 am March 13, 2017, 11:03 am

(Bloomberg) -- When President Donald Trump visits the Detroit area this week, he'll come bearing a gift: a first step toward relaxing rules that could cost automakers about [\\$33 billion](#).

Trump will announce as part of a visit to Ypsilanti, Michigan, on Wednesday that his administration will begin re-examining fuel-economy standards set by the Obama administration, according to two people familiar with the plans. He'll speak with workers and executives at carmakers that have [sought](#) to relax the rules, which the Environmental Protection Agency [tried](#) to solidify during the final days of Barack Obama's presidency.

In tasking new EPA Administrator Scott Pruitt with reviewing the standards, Trump is handing a victory to companies he initially [targeted](#) for their trade practices and has more recently [embraced](#) for their investment in U.S. manufacturing and hiring plans. Automakers have argued for months that the Obama-era rules impose higher costs, don't reflect consumer preferences and carry risk for American workers. They'll make their case with Pruitt, who last week discounted how much human activity contributes to climate change.

The focus of Trump's visit will be "highlighting the need to eliminate burdens from regulations that needlessly hinder meaningful job growth," White House spokesman Sean Spicer said Monday.

Accelerated Review

The Trump administration's reconsideration involves tougher gas mileage and emissions rules for 2022 through 2025. The EPA's [decision](#) in January to keep in place requirements set by the Obama administration came more than a year before an April 2018 deadline for the standards to finish being reviewed. That ruling drew criticism from Ford Motor Co. and its peers as being rushed for [political purposes](#).

Trump is slated to announce plans to reinstate the mid-term review and resume studying whether fuel economy rules are feasible or if automakers need some relief, said the people familiar with the matter, who asked to not be identified because the announcement hasn't been made. Auto industry executives, including General Motors Co. Chief Executive Officer Mary Barra and Fiat Chrysler Automobiles NV's Sergio Marchionne, are expected to attend.

Fiat Chrysler -- which is poised to benefit [the most](#) from looser fuel economy rules -- rose 0.5 percent in New York at 9:53 a.m., while GM and Ford were each down about 0.4 percent.

Trade groups representing carmakers including GM, Toyota Motor Corp., Honda Motor Co. and Volkswagen AG formally [asked](#) last month for Pruitt to revoke the Obama administration's decision to leave the 2025 standards intact. Eighteen automakers separately [petitioned](#) earlier in February for President Trump to reinstate the mid-term evaluation.

Cost Emphasis

"We are committed to continued gains in fuel efficiency and carbon reduction," the executives said in their letter to Trump. "At the same time, ignoring consumer preferences and market realities will drive up costs for buyers and threaten future production levels."

Assuming Trump reopens the review, the current EPA standards would remain in effect. But the move to reopen the evaluation hands automakers a fresh chance to press for changes for the long-term goals, which aim to bring the average fuel economy for a vehicle in the U.S. to more than 50 miles per gallon, from 36 today.

Actually changing the standards, enacted in 2012, would be a lengthy process, requiring a formal agency rulemaking with a public comment period.

The EPA estimated under Obama that the costs required to meet the standards through 2025 would be about \$33 billion. It also assessed that advantages including fuel savings and energy security would outweigh the costs of the rules and lead to about \$98 billion in net benefits.

Automakers have expressed concern about the cost and marketplace assumptions underpinning the EPA's [analysis](#) of the standards. They agreed to the ambitious standards in 2011 in part

because regulators included the mid-term evaluation to ensure the rules were appropriate based on conditions in the auto market.

Environmental Backlash

“What we’re looking for is to really have that review that was part of the original plan that all the automakers agreed to,” GM’s Barra told reporters on Feb. 28.

Environmental groups have complained that automakers are hiding their true intent.

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