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Trump goes to Detroit, probably to announce review of EPA emissions regulations

By Richard Read | The Car Connection March 14

This week, Donald Trump will pay a visit to the Detroit area. Insiders report that while he's there, the president will give car companies something they've wanted for weeks: a review of the Environmental Protection Agency's auto emissions regulations, which cover vehicles made through the 2025 model year.

The regulations were drafted by the Environmental Protection Agency way back in 2011, along with fuel economy standards proposed by the National Highway Traffic Safety Administration. (Though issued separately, emissions and fuel economy guidelines are necessarily linked.) The following year, both sets of regulations were finalized.

In 2016, the EPA began a mid-term review of those guidelines to see whether automakers were on-schedule to meet them. Automakers expressed plenty of concerns because falling oil prices have had a major impact on consumers' auto buying habits. Specifically, today's low fuel prices have shifted attention away from fuel-sipping hybrids and smaller vehicles and back toward less-efficient trucks and SUVs.

Why does that matter? Because NHTSA's regulations say that by 2025, automakers' fleets need to earn a corporate average fuel economy (CAFE) of 54.5 miles per gallon--a goal that's matched to emissions standards. If companies' fleets are more heavily weighted toward large vehicles, it
becomes much harder to achieve such goals. On the other hand, if companies make enough fuel efficient vehicles to meet federal regulations, there's no guarantee that anyone will buy them.

The EPA generally dismissed such concerns during its mid-term review. Though the agency estimated that the cost of implementing the new regulations would be roughly $33 billion, it said that reductions in fuel consumption and improvements in energy security would net a gain of $98 billion.

Automakers protested the EPA's sudden action, claiming that the move was politically motivated (and in fairness, it probably was). Ford CEO Mark Fields famously claimed that the regulations would cost the U.S. one million jobs--a claim that's been pretty well debunked. No fewer than 18 car companies petitioned Trump to order his administration to re-open the mid-term review.

And that appears to be what Trump and the new EPA chief, Scott Pruitt, plan to do.

What does this mean?

By re-opening the mid-term review, Trump won't be overturning the EPA's decision--at least not directly. In fact, current regulations will remain in place until Pruitt and his team have a chance to, well, review the review. According to automakers, that's all they want: the chance to be heard again and to ensure that the EPA's decision-making process was fair.

Environmentalists say that automakers are simply putting on a show for the cameras, and that their true intentions are far more ruthless. Dan Becker of the Safe Climate Campaign said, "Make no mistake this is a demand to weaken the standards disguised as a polite procedural request."

We can't speak to automakers' true intentions. However, we do know this:

All of which suggests that the current administration would be a-okay with changing the current guidelines.

On the other hand:

We'll update you as the situation progresses. Stay tuned.

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