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Trump Administration to Complete Tailpipe-Emissions Rollback

Rules are expected to be announced Tuesday; California, environmental groups, have said they would such challenge such a move

By Timothy Puko March 30, 2020 3:35 pm ET

WASHINGTON—The Trump administration is completing new rules on tailpipe emissions that would slash the emissions targets auto makers must reach over the next five years, according to people familiar with the situation.

The rules expected to be announced Tuesday would require auto makers to achieve 1.5% annual increases in fleetwide fuel efficiency through 2026, using an industry measure that takes both gas mileage and emissions reductions into account, the people said.

That requirement would be down from a 5% annual increase in efficiency mandated by the Obama administration. Under that former standard, auto makers were expected to produce a roughly 3% increase in fuel efficiency in the current model year, before more stringent targets kick in.

Challenges are likely from environmentalists and several states led by California, which has long imposed tougher emissions standards. The Trump administration has separately moved to establish federal supremacy, stripping California's authority to set more stringent vehicle-emission standards for greenhouse gases. That move has drawn a challenge in federal court.

In easing the requirements, Trump administration officials note the industry was struggling to meet the increasing mandate and say the compromise sets attainable limits while still ensuring progress on environmental protection.

The administration also says the policy will make new cars more affordable, boosting vehicle sales and the frequency with which consumers replace older vehicles with more efficient models.

Critics of the rule say the loss in efficiency will be more expensive for consumers over time and that it is a setback in efforts to reduce greenhouse-gas emissions and slow climate change.

California has said it would challenge efforts to weaken the rules. A spokeswoman for California Attorney General Xavier Becerra says more urgency exists now—amid the novel coronavirus pandemic—to defend all policies that affect public health.

"The crippling consequences of the Trump administration's weakening of our nation's health and safety standards are unfolding before our eyes," Mr. Becerra said in a statement. He declined to comment further until after the administration officially announces the details of its rule.

Environmental groups have been expecting the decision.

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Auto makers have been divided over the administration's policy. Many had asked President Trump for relief from the more stringent rules they initially agreed to when the Obama administration adopted them in 2012. But some have balked when the administration responded with an early proposal to eliminate rising standards altogether.

Ford Motor Co., Honda Motor Co., BMW AG and Volkswagen AG went so far as to strike a deal with California to follow its tailpipe-emissions standards beyond those proposed by the Trump administration.

Months later, rivals including General Motors Co., Toyota Motor Corp. and Fiat Chrysler Automobiles NV took the opposite position, intervening in a lawsuit to side with the administration's position that the rules should be set by U.S. regulators, not individual states.

Auto makers want some incentives for cleaner-burning cars, said John Bozzella, leader of the Alliance for Automotive Innovation, the industry's largest and recently unified trade group. He said the industry supported year-over-year increases but declined to discuss a specific number, saying industry leaders would talk more once the administration makes public the details of its rule.

Even while the fight goes on, completing a new policy is a major benchmark in a process that began during the administration's earliest days. Auto executives were some of the first to meet Mr. Trump after he assumed office, coming to make the case that plummeting oil prices had changed the landscape, luring customers to bigger, less fuel-efficient trucks and SUVs.

Sen. Thomas Carper of Delaware, the ranking Democrat on the Senate's environmental policy committee and an opponent of the rollback effort, has called on the EPA's inspector general to open an investigation into whether the rule-making process is being conducted properly and transparently. Mr. Carper said in a statement to The Wall Street Journal that the process illustrated how legal uncertainty around rule could hurt the auto industry when it is already suffering as the coronavirus pandemic rocks the economy.

"Businesses need certainty and predictability to be successful," Mr. Carper said.

"Regulatory uncertainty and litigation is the very outcome that auto makers sought to avoid—and for industry, that is the only thing this rule is guaranteed to deliver."

Ben Foldy contributed to this article

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