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## Car Makers Are Feeling the EV Squeeze With Biden's New Emission Rules

By [Alejandro de la Garza](#)

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The Biden Administration and the American automobile industry seemed to be in raptures with one another back in 2021. "We've just got to step up—government, industry, labor working together," President Joe Biden said that August, on the White House lawn, speaking on the need to decarbonize the industry. "We have a playbook, and it's going to work." The CEOs of the big three American automakers, Ford, Stellantis, and GM, looked on, each still glowing from a personal presidential shout out earlier in the address. Then they gathered around as Biden signed an executive order inaugurating a new target for zero emission electric vehicles (EVs) to comprise half of all new car sales by 2030.

That relationship may be getting more rocky. Today, the U.S. EPA unveiled tough new [automobile tailpipe pollution limits](#) in a new proposed rule. The rule does not prescribe a technological fix, but the agency says that, in order to comply, automakers may end up having to sell two EVs for every gasoline automobile by 2032. That will put the U.S. transportation sector—the nation's largest source of greenhouse gas pollution—on a more ambitious decarbonization trajectory than Biden pledged in 2021. The public comment period for the proposed rule runs for the next 60 days, with a final rule likely to be promulgated early next year. Today's announcement comes less than two weeks after the Treasury Department [released its guidance](#) for companies on how to comply with the Inflation Reduction Act's (IRA) EV tax credit regulations.

The response from the auto industry has been, not unexpectedly, tepid. “EPA’s proposed emissions plan is aggressive by any measure. By that I mean it sets automotive electrification goals in the next few years that are... very high,” writes John Bozzella, the CEO of the Alliance for Automotive Innovation (AAI), an industry group, in a press release. “To be clear, 50 percent [EV sales] was always a stretch goal.” AAI’s membership includes Ford, GM, and Stellantis, along with others like Volkswagen, Mercedes, and Toyota.

Bozzella says that automakers are committed to electrification, but that challenges to building out charging infrastructure and industry supply chains, and gaps in critical mineral supply could hold things back. The industry also doesn’t like that they’ll be forced into electrification via emissions standards, which they say will require them to waste money making their gasoline vehicles more efficient in order to comply, rather than putting those dollars toward EVs.

Greg Smithies, partner at venture capital firm Fifth Wall, which has invested in EV infrastructure, says a lot of the automakers’ concerns are fairly manageable. “It behooves the industry to push back on any regulations in general,” he says.

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Ingrid Malmgren, policy director at electrification advocacy nonprofit Plug In America, says the new rules aren’t even that big of a lift from prior targets. The main difference, she says, is that the rules extend decarbonization trajectories out further into the future. And she notes that the Biden Administration has provided a lot of support to automakers, from tax incentives for EV sales to rollouts of government-funded charging infrastructure. Notably, the EV tax incentives under the IRA [weren’t a blank check](#) for the auto industry—they’ll have to invest in domestic battery supply chains for their cars to qualify—but those requirements are a lot looser than they could have been under the text of last summer’s climate law.

“It’s not that they’re just running around carrying a stick,” Malmgren says. “They’re also giving tons of carrots to manufacturers.”