

# Detroit Free Press

## Biden adopts new emissions rules for US cars, gives automakers a break in early years

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The Biden administration on Wednesday finalized tough new greenhouse gas standards for cars sold in the U.S., but gave automakers worried that they might be too strict to comply with in the near-term a break in the first few years before they increase more steeply.

A year ago in April, the U.S. Environmental Protection Agency (EPA) shocked the auto industry and heartened environmentalists by proposing tailpipe emissions standards so strict that, by model year 2032, automakers would virtually be required to ensure that two-thirds of all new cars and light-duty trucks sold were electric vehicles (EVs) or potentially face stiff fines.

The final standards released Wednesday didn't back off that ambitious 2032 target in terms of the fleetwide reduction in greenhouse gases, including carbon monoxide, hydrocarbons and others that are considered dangerous to human health and contribute to climate change.

But they did change the amount by which those reductions occur beginning with model year 2027, making them somewhat less strict compared with the current standards in the first couple of years, before ramping them up more steeply later. And while the original proposal — which was always technology-neutral in theory, meaning automakers could sell any cars and light-duty trucks they wanted as long as they hit the fleetwide reductions — noted that the likely and least costly path toward hitting them meant an enormous growth in the sales of plug-in electric vehicles (PEVs), which accounted for only a portion of the 9% of new car sales last year, the final rule outlined several pathways that could work.

For instance, the EPA said, under one likely pathway, the percentage of light-duty trucks and cars powered by internal combustion engines (ICEs) could drop from 64% of new vehicle sales in model year (MY) 2027 and 58% in MY 2028, to 29% in MY 2032; while the percentage of battery-only electric vehicles (BEVs) could increase from 26% in 2027 and 31% in 2028, to 56% in 2028, with other EVs — pure hybrids and plug-in hybrids — making up the difference.

In the proposed rule last year, however, the pathway foresaw BEVs needing to account for 36% of new cars in 2027 and 45% in 2028 — a much steeper sales curve.

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"Pace matters to automakers, it certainly matters to consumers," said John Bozzella, president and CEO of the Alliance for Auto Innovation, a trade group that represents most automakers doing business in the U.S., including Ford, General Motors and Stellantis.

He noted that while automakers are committed to an electric future, "choppy" sales, supply chain issues and a nationwide charging infrastructure that still must be built out warranted the more gradual change in standards. The end product, he said, is "much improved over what was originally proposed."

President Joe Biden, whose administration worked with environmentalists, the automakers and the UAW in reaching the final rule — and who has been chastised by Republicans and former President Donald Trump for implementing what they have called an EV "mandate" — issued a statement saying he's following through on a promise to try to make half of all new cars and trucks sold by 2030 be zero-emission.

"Today, we're setting new pollution standards for cars and trucks," he said. "U.S. workers will lead the world on autos making clean cars and trucks, each stamped 'Made in America.' You have my word."

EPA Administrator Michael Regan also noted that, with transportation sources making up the largest percentage of greenhouse gas pollutants, the new standards will protect public health while creating new jobs for workers building vehicles that comply with them. "The standards will slash over 7 billion tons of climate pollution, improve air quality in overburdened communities and give drivers more clean vehicle choices while saving them money," he said.

**Standards factor into environmental, labor, political concerns**

But the greenhouse gas requirements, which were rolled back by the Trump administration before being replaced when Biden took office in 2021, have become a sharp issue in this year's presidential rematch between Biden and Trump. The former president is arguing that the vehicles are too expensive, though they are eligible for tax breaks and can save thousands in fuel costs, and that they don't travel as far as ICE vehicles, which is not true in the case of many models.

Trump also has argued that autoworkers will lose their jobs because of the new standards as China dominates the EV market. Over the weekend, he said at a rally in Ohio that there will be a "bloodbath" in the auto industry with foreign-made cars flooding the U.S. unless he is elected. But U.S. automakers have been investing billions, much of it sparked by incentives proposed by Biden and passed by Congress, in new EV plants domestically.

The report also specifically mentioned that while union workers may be adversely affected by the transition to EVs — since they typically require fewer workers to assemble, with much of the labor associated with the manufacture of the batteries — the UAW, in its successful strike of the Detroit Three automakers last year, negotiated contracts making more workers involved in EV production eligible to be unionized.

In a statement Wednesday, the union said the final rule represented "significant progress" from the first proposal. "By taking seriously the concerns of workers and communities, the EPA has come a long way to create a more feasible emissions rule that protects workers building ICE vehicles, while providing a path forward for automakers to implement the full range of automotive technologies to reduce emissions," it said.

Ford also issued a statement, calling the rule "ambitious and challenging" and saying it will "take close public-private cooperation" to achieve. But the automaker said it was committed to lowering greenhouse gas emissions while offering its customers a full range of choices.

Stellantis, which was formerly Chrysler, also said, "While the later-year targets remain aggressive, the final rule improves on the proposal by better reflecting the expected trajectory of market demand and enabling infrastructure."

Many environmental groups were delighted. Manish Bapna, president and CEO of the Natural Resources Defense Council, said the standards will, over time, "prevent more carbon pollution than the entire U.S. economy coughs up in a year." Amanda Leland, executive director of Environmental Defense Fund, said they will "slash deadly soot and reduce smog. That means fewer asthma attacks, less heart disease and longer lives."

But there remained critics. The heads of oil industry trade groups — Mike Sommers, with the American Petroleum Institute, and Chet Thompson, of the American Fuel & Petrochemical Manufacturers — said while Biden and the EPA may claim to have eased their approach to the standards, "nothing could be further from the truth."

"This regulation will make new gas-powered vehicles unavailable or prohibitively expensive for most Americans," they said. "For them, this wildly unpopular policy is going to feel and function like a ban."

U.S. Rep. Tim Walberg, R-Tipton, denounced the final rule as "devastating" for Michigan and the auto industry, calling it "unattainable, unaffordable and unrealistic." House Speaker Mike Johnson, R-Louisiana, issued a statement saying Biden "needs to abandon his crusade against American energy and gas-powered vehicles."

In issuing the rule, the EPA noted that, in the second half of last year, some industry analysts suggested a drop in EV demand and that some automakers might be less interested in investing in EV production than they had been previously. It also remarked on Ford's temporary pause on construction of a battery plant in Marshall, which was also downsized, and GM's indication it would make more plug-in hybrids than initially believed.

But after "carefully considering" those reports, EPA said it did not believe there had been any "significant change in manufacturer intentions" regarding EVs and that sales growth has still moved in the right direction to prompt the new rule. And while EVs can often cost more than ICE vehicles, they can also lower overall costs, the Biden administration said, claiming, once fully phased in, the standards "will save the average American driver an estimated \$6,000 in reduced fuel and maintenance over the life of a vehicle."

The EPA's final rule also set tough new standards for medium-duty vehicles like vans and both sets of standards still need to be coordinated with fuel economy standards — generally set in terms of miles-per-gallon of fuel and their equivalent for electric vehicles — set by the National Highway Traffic Safety Administration, which is expected to happen in the next several months.

But the administration is clearly looking to coordinate those upcoming mpg standards with the EPA's rule and other agencies involved in setting fuel standards: This week, the Energy Department changed another proposed rule on how agencies translate EV performance to mpg standards when determining fleetwide compliance that, as originally written, could have cost U.S. automakers billions, instead phasing the new regulations in over some years.

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