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New US truck, SUV fuel economy rules are a win for Detroit automakers

Dan Becker, director of the Center for Biological Diversity's Safe Climate Transport Campaign, said NHTSA had "caved to automaker pressure" and said the agency's "weak final rule wastes too much gas, spews too much pollution and cedes the clean vehicle market to foreign automakers."

David Shepardson
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WASHINGTON - President Joe Biden's administration on Friday finalized tighter fuel economy rules for trucks and sport utility vehicles through 2031 that are not as stringent as it first proposed, a federal agency said.

The National Highway Traffic Safety Administration (NHTSA) said the proposed new rules will result in much lower compliance penalties than originally proposed, a significant win for Detroit automakers.

Automakers praised the changes and environmental groups criticized them.

In July 2023, NHTSA had proposed boosting Corporate Average Fuel Economy (CAFE) requirements by 2% per year for passenger cars and 4% per year for light trucks from 2027 through 2032.

Under the final rule, NHTSA will not require any increase for light trucks for 2027 and 2028 and will only require 2% increases from 2029 through 2031.

Last year, NHTSA said its proposal to hike fuel economy standards through 2032 would cost the industry $14 billion in projected fines. This includes $10.5 billion for the Detroit Three: $6.5 billion for General Motors, $3 billion for Chrysler-parent Stellantis and $1 billion for Ford Motor Company.

Under the final rule, the auto industry is collectively expected to face a total of up to $1.83 billion in fines through 2031 -- and it could be as little as nothing -- based on various models, government NHTSA told Reuters.

Automakers buy credits or pay fines if they cannot meet CAFE requirements. In June 2023, Reuters first reported Stellantis and GM paid a total of $363 million in CAFE fines for failing to meet U.S. fuel economy requirements for prior model years.

NHTSA said the rule will hike fuel economy to about 50.4 miles per gallon by 2031 from 29.1 mpg currently. Last year, the agency projected the rule would hike requirements to 58 mpg by 2032.

The is the third regulatory action the Biden administration has taken in recent months that did not tighten vehicle regulatory proposals as much as promised. Earlier actions included new compliance calculations for EVs that were less strict than originally proposed, and tailpipe rules that would ultimately require automakers to make fewer EVs than they had originally forecast.

John Bozzella, who heads the Alliance for Automotive Innovation trade group representing major automakers, praised the revisions that will dramatically reduce projected penalties that his members had feared.

"Those fines wouldn’t have produced any environmental benefits or additional fuel economy and would’ve foolishly diverted automaker capital away from the massive investments required by the electric vehicle transition," Bozzella said.

Dan Becker, director of the Center for Biological Diversity's Safe Climate Transport Campaign, said NHTSA had "caved to automaker pressure" and said the agency's "weak final rule wastes too much gas, spews too much pollution and cedes the clean vehicle market to foreign automakers."

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