Dan Becker, director of the Safe Climate Transport Campaign at the Center for Biological Diversity and a vocal advocate for stronger standards, pointed to data that shows average new vehicle prices have essentially plateaued since 2022, when the earliest Biden policies would have started taking effect.

Blaming vehicle prices on fuel economy standards is misdirection, Becker said. "This is all just made up and thrown at the wall to see if [the administration] can get away with it."

Becker argued that automakers can't afford to ease up on designing more fuel-efficient and electric vehicles because of rapidly growing demand in Asia and Europe. He pointed to BYD, a Chinese manufacturer that sold over 3 million EVs and hybrids in 2023 and increased that to over 4.2 million in 2024 — none in the U.S.

In five years, Trump may have pulled back on domestic standards, but China will be selling more and more EVs, Becker said. And if U.S. manufacturers can't compete overseas, "the Chinese will be more than happy to eat their lunch."

Auto Experts Doubt Duffy’s CAFE Standards Review Will Lower Prices

The Trump administration blamed increased vehicle prices on a Biden-era fuel economy rule. “It’s just way more complicated than that,” said one analyst.

By Chris Marquette, Alex Guillén
30 January 2025

Transportation Secretary Sean Duffy wasted no time after being sworn in Tuesday, quickly ordering a review of fuel economy standards Republicans blame for surging vehicle costs.

But easing the standards won't give consumers much price relief because supply chain constraints, tight inventories, the expansion of new technologies like autonomous driving and consumer preference for larger, heavier vehicles are more influential contributors to increasing vehicle costs, auto experts say.
Duffy signed a memo directing the National Highway Traffic Safety Administration to start a rulemaking to rescind or replace current and future Corporate Average Fuel Economy standards, which require passenger cars and light trucks to get 50.4 miles per gallon by model year 2031.

President Donald Trump and other Republicans have lambasted the standards as part of a de facto Biden-era electric vehicle “mandate” that they argue has driven up prices for consumers. DOT blamed a 15 percent increase in the average price of new vehicles between 2021 and 2024 on the Biden standards.

"This government mandate has dramatically increased the average price of a new car to nearly $48,000, driving up the cost and making it unaffordable for American consumers," the department said in a press release announcing Duffy's order.

But auto analysts said the standards aren't the driving force behind increasing vehicle costs — and they questioned whether lowering them would meaningfully impact prices.

"Do the CAFE standards factor into it someway, somehow? Sure," said Erin Keating, an executive analyst at Cox Automotive. "But are they a main contributor? I would doubt that."

Much more impactful to prices over the past few years was the Covid-19 pandemic, which caused supply chain disruptions and production stops throughout the auto industry.

Lots of other factors are outside the government's control as well, including a general consumer preference for bigger, more luxurious cars that use more fuel. Interest rates are another factor — although the Fed's rate, which it kept level Wednesday, matters less to auto financiers.

"I think it would just be hyperbolic to say that any specific regulatory move has caused" the price increase cited by DOT, Keating said. "It's just way more complicated than that."

Dan Becker, director of the Safe Climate Transport Campaign at the Center for Biological Diversity and a vocal advocate for stronger standards, pointed to data that shows average new vehicle prices have essentially plateaued since 2022, when the earliest Biden policies would have started taking effect.

Blaming vehicle prices on fuel economy standards is misdirection, Becker said. "This is all just made up and thrown at the wall to see if [the administration] can get away with it."

There's also little evidence that easing regulatory standards now will have any meaningful effect on lowering vehicle prices, experts said.

It's not likely "a repeal of CAFE standards will result in any noticeable change in vehicle prices for consumers," said Chris Harto, a senior policy analyst at Consumer Reports.

Robust standards resulted in “no detectable increase in inflation-adjusted vehicle prices over a nearly 20-year period” and saved about $9,000 in tangible fuel savings over the lifetime of the average new vehicle sold today compared with 2001, Harto said.

Mark Schirmer, the director of industry insights for Cox Automotive, noted that many factors contribute to a vehicle’s ultimate cost — including loan rates, fuel prices and safety requirements.

In fact, easing fuel economy standards could have the opposite effect, he argued. “What often happens, when CAFE standards are relaxed, vehicles get bigger and that adversely impacts overall prices.”

Schirmer also argued that lower production volumes and computer chip shortages in the wake of the pandemic meant that manufacturers prioritized making more expensive models over cheaper ones with less profit margin.

The Zero Emission Transportation Association, an organization that advocates for EVs, contends lowering the CAFE standards will increase costs for drivers.

“Changing CAFE standards is unlikely to lower car prices. Variables touching the supply chain are much more impactful, such as the price of materials and tariffs. Lowering CAFE standards would likely increase the fueling costs for [internal combustion engine] drivers who will have less efficient cars,” said Alex Gibson, a spokesperson for the group.

Automakers tentatively backed reconsidering the standards — despite generally supporting EPA’s emissions rule, Reg. 2060-AV49, and the NHTSA’s CAFE rule, Reg. 2127-AM55, for 2027 and beyond when they were unveiled last year.

The Alliance for Automotive Innovation, the industry’s main trade group, praised Duffy’s order.

John Bozzella, president and CEO of the Alliance for Automotive Innovation, said in a statement it’s “reasonable” to review the standards, noting they are “extremely challenging to achieve” and “expose automakers to billions of dollars in civil penalties.”

Experts noted that automakers plan out their vehicles for compliance as many as three to five years in advance, dulling the effect of rolling back rules.

"Ultimately, most regulatory changes take time to work through automotive production cycles," Kevin Roberts, director of economic and market intelligence at the research firm CarGurus, said in an email. "Automakers have invested heavily into more fuel efficient options and have found that consumer interest is there if the price is right."

Automakers will still benefit from lighter standards since they have already prepared for more stringent ones, and it will give them more time to ramp up EV offerings to match growth in consumer demand.

But the money companies have already invested in new power-train designs and other compliance efforts was still well spent, according to Keating.

"Any one regulation — especially when it's politically motivated and it may change in four years — isn't going to necessarily swing a business's decision on what they need to do for the bottom line," she said.

Rep. Debbie Dingell (D-Mich.), who represents an area with a heavy automaker footprint, said the industry needs certainty to be able to succeed and "to stop being a political football."

"I want our industry to remain at the forefront. For that we need domestic and global alignment," Dingell said. "The global market wants EVs, so how do you rationalize this? We need to bring all the stakeholders together and reach a consensus about how we support a strong stable auto industry and support the autoworker."

Becker argued that automakers can't afford to ease up on designing more fuel-efficient and electric vehicles because of rapidly growing demand in Asia and Europe. He pointed to BYD, a Chinese manufacturer that sold over 3 million EVs and hybrids in 2023 and increased that to over 4.2 million in 2024 — none in the U.S.

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