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Automakers Get $200M Break As Trump Repeals Fuel Fines; GM, Stellantis Benefit, Tesla Faces Credit Pressure

The rollback eliminates penalties for missing fuel economy targets dating back to 2022, part of a broader effort to ease regulations on gasoline-powered vehicles.

By Deepti Sri
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Automakers are getting a break on fuel economy penalties under a new law signed by U.S. President Donald Trump this month.

The change, part of a larger tax and budget package, wipes out fines for missing fuel efficiency targets going back to the 2022 model year, as long as the National Highway Traffic Safety Administration (NHTSA) hadn't finalized the rules for those years.

Senate Republicans estimate the change could save carmakers around $200 million, Reuters reported.

General Motors (GM) and Stellantis, which together paid over $700 million in prior corporate average fuel economy (CAFE) penalties, will now avoid further retroactive fines.

Environmental groups criticized the move, with Dan Becker of the Center for Biological Diversity calling it "an obscene gift to pollution law violators."

The policy is part of a broader effort by the Trump administration to ease regulations on gasoline-powered vehicles. Other recent moves include repealing electric vehicle tax credits and blocking California's 2035 ban on gas-only car sales.

The regulatory change amid plans of automakers, including GM, to ramp up ICE vehicle output.

GM announced a $4 billion investment across Michigan, Kansas, and Tennessee to expand combustion vehicle production, including the relocation of Cadillac Escalade manufacturing to its Orion Township plant and the addition of gasoline-powered Silverado and Sierra trucks.

The Orion facility had previously been earmarked for EV production.

Tesla, which earned $2.8 billion last year from selling regulatory credits to other automakers for emissions compliance, may see lower demand for credits under the revised rules.

Republican Senator Bernie Moreno called such payments "outrageous," and NHTSA Administrator nominee Jonathan Morrison told lawmakers that "at the end of the day, a consumer is going to pay for that."

Under the Biden administration, NHTSA had proposed stricter CAFE targets that could have led to $14 billion in industry-wide fines through 2032, including $6.5 billion for GM and $3 billion for Stellantis.

A final rule issued in 2024 scaled back those requirements, limiting projected fines to $1.83 billion between 2027 and 2031.

On Stocktwits, retail sentiment for automakers was mixed: ‘bearish’ for GM and ‘bullish’ for Tesla, both on ‘low’ message volume, while sentiment for Stellantis was ‘neutral’ amid ‘high’ activity.

https://stocktwits.com/news-articles/markets/equity/automakers-get-200-m-break-as-trump-repeals-fuel-fines-gm-stellantis-benefit-tesla-faces-credit-pressure/ch8KcOLR5ou