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The politics of affordability rev up Trump's new auto fight

By Ben Geman
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Auto standards are the latest energy policy fight to get subsumed into the politics of affordability that look slated to dominate the midterms.

Why it matters: Contra [the late Kris Kristofferson](#), freedom's just another word for ... cheaper vehicles. That's what Trump officials claim by naming their [rollback of auto mileage rules](#) the "Freedom Means Affordable Cars" plan.

Catch up quick: The White House and Transportation Department on Wednesday unveiled a plan to greatly soften Biden-era mileage rules — and said it would save people money.

- The new proposal would require automakers to hit an average of 34.5 miles per gallon across their fleets by 2031.
- That's way lower than the Biden-era target of over 50 mpg, which would mean lots of EV sales.

The big picture: How much fuel cars burn is a huge climate story, because transportation is the country's biggest CO2 source, and helps sway oil demand.

- The Biden-era rules were designed to give the market a hard shove toward EVs.

A few things we're watching...

1. Money is the message — everywhere. Decades of fuel economy fights have been about energy security, climate, pollution, what's best for domestic automakers, and consumer costs.

- Now that last one dominates. Trump officials say the plan would save people \$109 billion over the next five years and make the average new car \$1,000 cheaper.
- Critics make precisely the [opposite argument](#), citing higher lifetime fuel costs from less efficient vehicles, and the economic toll of more pollution. Several big green groups led their response with the cost argument.

2. Rough contours of the inevitable legal fight started emerging immediately.

- The Center for Biological Diversity said the rules run afoul of the underlying fuel economy law that requires standards at the "maximum feasible" level.
- But [Trump's DOT argues](#) the Biden standards illegally shoehorned EVs into the mileage-setting process.

3. Industry wants certainty, but good luck with that.

- The industry generally [argues](#) the Biden-era rules were impractical, so this is a win for them there, and U.S. automaker stocks [ticked up on the news](#). Trump unveiled the proposed mileage standards flanked by Ford, GM and Stellantis execs.
- But automakers are also facing years of policy and legal fights. The new move comes as EPA pulls back tailpipe CO2 rules, and EPA is also planning a brutal legal fight over its overall power to regulate vehicle CO2.

What they're saying: "We see no possibility that any future Dem-led Administration (2029 or later) would agree with today's proposal, elevating compliance uncertainty for [original equipment manufacturer] fleets hitting the market post-2028," TD Cowen analysts said in a note.

What we're watching: Whether the rule change further slows industry EV investments by taking the pressure off.

- It could give automakers some "short-term financial breathing room," Edmunds' head of insights Jessica Caldwell said.

- But while easing the mileage rules helps at the margins, automakers will be cautious about big strategy shifts that could be upended if a future White House reverses course again, she said in a note.

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