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The Trump administration weakens fuel efficiency standards for new cars

By Willa Rubin
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The Trump administration announced Monday it's scaling back how fuel efficient American carmakers need to make their fleets.

The Corporate Average Fuel Economy (CAFE) standards set average fuel economy levels for carmakers. The revised rules, which were finalized Monday, will now require carmakers to make their new passenger car and truck fleets up to 1% more fuel efficient each year, aiming for an average of 34.9 miles to the gallon in model year 2031.

This is down from Biden-era rules, which required an annual 2% increase in fuel efficiency with a goal of most vehicles getting, on average, 50.4 miles to the gallon by 2031.

The rationale: affordability. Administration officials argue that fuel efficiency technology is expensive, and has helped to drive up the cost of vehicles. They

estimate that scaling back the standards will shave about \$1,300 off the sticker prices of new cars.

"This administration is delivering relief to families and reviving the beating heart of American manufacturing," said U.S. Transportation Secretary Sean Duffy in an online statement announcing the change.

President Trump weighed in over the weekend on Truth Social: "These new Standards will take the waste out of building cars in America. That means LOWER PRICES, saving families thousands on a new, beautiful, and safe car."

Climate advocates and auto industry observers say the rules change is another step in the Trump administration's efforts to roll back Biden-era climate policies — including cutting the federal tax credit for electric vehicle buyers, delaying federal dollars for a nationwide EV charging program, and striking down federal waivers that let California set its own strict pollution regulations.

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"Trump is tanking sensible mileage standards at the worst possible time for consumers, who're getting hit with sky-high prices at the pump," he continued.

According to AAA, the national average price for gasoline today is close to \$4.50 a gallon, and for diesel, a gallon is hovering close to \$6.50, just short of last week's record high.

Easing CAFE standards will hinder the industry's realignment toward more fuel-efficient and electric vehicles, said economist Sue Helper, who studies the auto industry at Case Western Reserve University. "It's very bad in the long term, because it slows progress," she said. "Then we make our auto companies less

competitive. We give them less practice in making the cars that both Americans will want in the future and that the rest of the world will want." After all, American carmakers hope to continue selling their cars in foreign markets that may have stricter emissions standards. And a future presidential administration could change the rules again.

A legacy of the 1970s oil shock

CAFE standards have been part of the auto industry for decades. In 1975, during that decade's great oil supply shock, Congress enacted rules that encouraged carmakers to make their fleets more fuel efficient in an effort to reduce Americans' dependency on the Middle East for oil.

Since then, the national conversation about fuel efficiency has changed; the U.S. is now the world's largest oil producer, and many regulatory changes have instead been driven by concerns about climate change. Since the early 2010s, the fuel efficiency requirements for passenger cars and light trucks have [consistently risen](#).

In practice, the Biden-era standards meant carmakers needed to make electric vehicles to balance out their gas guzzlers — otherwise they were subject to a fine.

But the Trump administration dropped that penalty last July as part of the One Big Beautiful Bill Act, effectively defanging the Biden-era CAFE standards. In December, the White House proposed scaling them back altogether. Soon after, the National Highway Traffic Safety Administration (NHTSA) opened a period of public comment.

In its final rule announcing the change, NHTSA also said it's eliminating the ability of carmakers to trade credits amongst themselves for making electric vehicles — a

part of the Biden-era CAFE Standards that Republicans often criticized. This rule allowed automakers to buy credits from EV manufacturers to offset making less fuel-efficient vehicles. This helped them meet their CAFE targets.

Will easing CAFE standards make cars more affordable?

In announcing the new change, the administration said lowering the CAFE standards will make cars cheaper.

"Instead of allowing manufacturers to design and produce vehicles they believe their customers will want and need, while spreading real-world fuel economy improvements across their fleets, the system has increasingly led manufacturers to try to fit square vehicle pegs in round classification holes to force the adoption of technologies that do not meet the demands of American families," stated NHTSA in the final rule. "All of this adds inefficiency and cost — pushing even more consumers out of an already unaffordable new car market."

"It's true that the price of new cars has gone up quite a lot," says Helper at Case Western. But she contends that much of that is not because of fuel economy standards. Instead, she says, it's because vehicles have gotten larger, they've faced tariffs and supply chain issues in recent years, and they are often loaded with extras like infotainment systems.

A Consumer Reports analysis from 2023 found that between model years 2003 and 2021, vehicles got about 30% more fuel efficient, but attributed the rise in prices to an industrywide shift toward expensive SUVs, rather than from using more fuel-efficient technologies.

And when it comes to the monthly costs of a new car, there are external factors beyond a carmaker's control — like the cost of an auto loan, which is affected both by the Federal Reserve's benchmark lending rate and by an individual buyer's credit score.

"One of the cruxes of vehicle affordability right now is the average monthly payment getting jacked up, because interest rates are so high," says Ellen Hughes-Cromwick, who spent much of her career as Ford's chief global economist and now studies clean energy as a senior visiting fellow at the center-left Third Way think tank.

Plus, a cut in the sticker price might eventually be offset by spending on gas. If vehicles are less fuel efficient, that means drivers will need to fill up at the pump more often — which is especially salient in a year of high gas prices due to the war in Iran.

Will carmakers still make fuel-efficient vehicles?

For now, American carmakers are stuck in a kind of jam.

On the one hand, Helper said, a rules change that makes it easier for them to sell trucks and SUVs is "good in the short-term, because they make a lot of profits making these giant vehicles," though they are not as popular outside of the U.S.

This new move "allows the U.S. more of a playground in this protected little Galapagos of an ecosystem where no one else is wanting to compete," Helper continued.

But the Alliance for Automotive Innovation, a trade group representing car and light-truck manufacturers that sell vehicles to the U.S. and that includes automakers such as Ford, General Motors and Stellantis, praised the move. "We're still reviewing the final rule, but NHTSA made the right call to better align fuel economy standards with the law and current market conditions," said John Bozzella, president and CEO of the alliance, in an emailed statement to NPR.

"The standards finalized under the previous administration effectively required a switchover to electric vehicles that was out of step with market realities and customer demand. Today's final rule is an appropriate course correction," he continued.

Ford and Stellantis also both sent statements to NPR. They celebrated the administration's move and said it puts regulations in line with market realities.

"These standards will allow us to offer our customers the freedom to choose from a range of vehicles and powertrains that meet their needs, from brands they love and trust," Stellantis said in their statement, and noted the company is investing more than \$13 billion in U.S. manufacturing over the next four years.

But in the long term, the CAFE standards change risks hindering American carmakers in a global industry, said Hughes-Cromwick. "The future of the industry is all about the transition to electric vehicles," she said. "The rest of the world is marching on in this transition to EVs. We have a very powerful competitor in terms of the Chinese electric vehicle industry."

"Lowering these standards now, when so many families are already struggling with rising transportation costs, will only make things harder for them. At the same

time, lowering the bar for innovation risks a future where the global auto market leaves American industry behind," said Zero Emission Transportation Association executive president Albert Gore, in a statement. The association represents companies that make EVs and chargers.

And automakers may have other reasons not to shift gears too quickly on fuel efficiency: The administration's latest move could face legal challenges, which could take a while to work their way through the courts. Or a future administration could put more aggressive fuel economy standards back in place. For companies that need to make decisions years in advance, to decide which models to build, or which factories to design, the easiest course to keep might be the one they're already on.

<https://www.npr.org/2026/09/28/nx-s1-5918509/car-fuel-efficiency-cafe-standards-rollback>