



Looser US fuel rules leave factories with hard choices

[The final fuel rule] ignores the feasibility of clean technology and the millions of fuel-efficient cars already on the road

Dan Becker, director of the Center for Biological Diversity's Safe Climate Transport Campaign

Dan Becker, director of the Center for Biological Diversity's Safe Climate Transport Campaign, said the final rule "ignores the feasibility of clean technology and the millions of fuel-efficient cars already on the road."

By: Ilkhan Ozsevim
29 September 2026

Washington is relaxing fuel economy targets for cars and light trucks. For plants retooled for electrification and suppliers still machining engine parts, the rule redraws the map of what is worth building.

At a glance

- The Trump administration has finalised relaxed fuel economy standards for US cars and light trucks, easing pressure on petrol-powered production.
- The rule requires up to 1% annual fuel economy gains, reaching roughly 34.9 miles per gallon by 2031, down from a Biden-era target of 50.4 mpg (miles per gallon).
- Tier 1 suppliers of engines, transmissions, fuel and exhaust systems gain breathing space, while EV-focused capacity faces delays, repurposing or conversion.
- Global OEMs still face stricter rules in Europe and China, which risks more component and vehicle variants.

The Trump administration has released new fuel economy standards that relax the rules governing pollution from petrol-powered cars and light trucks. Plant managers and programme

directors will read the small print for one thing above all, which is what they should be building, and where.

A 15 mile per gallon gap

The finalised rule requires carmakers to improve fleet efficiency by up to 1% a year, reaching an industry average of roughly 34.9 miles per gallon by the 2031 model year. That compares with a Biden-era trajectory of 2% annual gains toward 50.4 mpg (miles per gallon) in the same year, a gap of more than 15 miles mpg. It is the difference between a powertrain strategy built around rapid electrification and one that can lean on combustion for far longer.

The rule also reclassifies crossovers as cars instead of light trucks and ends carmakers' ability to trade EV credits. Both changes matter to production planners, because they alter the value of each vehicle a plant rolls out.

The rollback fits a longer run of moves. Since taking office, President Donald Trump has relaxed tailpipe emissions rules, repealed fines for carmakers that miss federal mileage standards and terminated consumer credits of up to \$7,500 for EV purchases. He has pledged to end what he calls an EV "mandate", although no federal policy has required carmakers to sell EVs. The target he refers to was President Joe Biden's aim for half of all new vehicle sales to be electric by 2030.

The administration justified the change by arguing that the Biden administration had exceeded the standards Congress required, and cast the rule as a matter of affordability rather than deregulation for its own sake.

Transportation Secretary Sean Duffy said the previous rules had been costly for carmakers, and that the revised standards are meant to reduce those costs and encourage manufacturers to expand production in the US. Trump said on his Truth Social account that the less stringent requirements would "take the waste out of building cars in America" and save families "thousands on a new, beautiful and safe car".

The average new car in the US sold for \$50,089 in August, according to Kelley Blue Book, crossing the \$50,000 line for the first time since last December, a backdrop that gives the affordability argument some bite. Ford, General Motors and Stellantis had not commented on the details at the time of writing.

Good news for the engine hall

The clearest beneficiaries to the shift sit, it seems, in the traditional supply chain. Conversations held onsite in recent days suggest the US giving "more freedom" to keep building petrol, diesel and hybrid vehicles, rather than pushing as hard towards EVs, helps Tier 1 suppliers of engines, gearboxes and transmissions, fuel systems and exhaust systems. These are the lines many suppliers had been planning to run down. A longer runway means longer tooling lives, steadier utilisation and a better case for the capital spending that keeps them competitive.

Stranded capacity is the harder problem

For those who invested heavily in EV production capacity, the picture is less comfortable. Edmunds data shows EVs accounted for 6.5% of new vehicle sales in February, down from 7.4%

for all of 2025. Demand was already softening before the rule arrived, and a looser standard removes one of the incentives to build volume ahead of it.

Several of those spoken to expect more announcements of plants being delayed, repurposed or converted to hybrid and energy-storage work. That fits a pattern already visible elsewhere, as [Idle EV Battery lines find a customer in Data Centres](#) explored. A battery line built for vehicles is not automatically a battery line built for grid storage, so conversion will test process engineers as much as finance teams.

[The final fuel rule] ignores the feasibility of clean technology and the millions of fuel-efficient cars already on the road

Dan Becker, director of the Center for Biological Diversity's Safe Climate Transport Campaign

Bigger vehicles, and a pump-price problem

The rule also nudges the product mix. Large SUVs and trucks sit at the profitable end of the US market, and a lower bar makes them easier to build in volume. A heavier, larger mix asks different things of a plant. Body shops, press capacity and final assembly flow are all balanced for a specific vehicle mix, and changing that mix is rarely as simple as adjusting a schedule.

The market backdrop adds a little more than a wrinkle, however. Americans are spending more on fuel as [Washington's war with Iran](#) disrupts the global flow of oil. The AAA put the national average price of a gallon of petrol at \$4.47 on Sunday, up from \$4.09 a month earlier. A rulebook that favours thirsty vehicles has arrived just as drivers are feeling the cost of running them, and that tension is a planning risk for anyone committing lines to large petrol models.

Three rulebooks, one product plan - and the critics' case

Global suppliers face a further complication. Europe and China still operate different and stricter rules, so global OEMs may end up making more versions of the same vehicle or component rather than simplifying. For a supplier, that means more part numbers, more validation and less of the scale that justified a single global platform in the first place.

Environmental groups reacted quickly to the news. **Dan Becker, director of the Center for Biological Diversity's Safe Climate Transport Campaign, said the final rule "ignores the feasibility of clean technology and the millions of fuel-efficient cars already on the road."**

"Trump is tanking sensible mile per gallon standards at the worst possible time for consumers, who are getting hit with sky-high prices at the pump," Becker said in a statement. "Consumers will pay the price for these reckless rollbacks while Trump's Big Oil and Big Auto buddies reap the short-term profits."

Katherine García, director of the Sierra Club's Clean Transportation for All campaign, vowed the environmental group would fight the rule and said the loosening of fuel standards would "make driving more expensive too."

"Less fuel-efficient cars mean more gas burned, spending more at the pump, and dirtier air in our communities," García wrote in a statement.

<https://www.automotivemanufacturingsolutions.com/electrification/looser-us-fuel-rules-leave-factories-with-hard-choices/2743370>