



Fuel Efficiency Rollback Ordered

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By: John O’Dell

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In a long-awaited and long-expected move, the Trump Administration has set revised and much-lower CAFE rules for the American auto industry – including foreign brands that sell here – telling them they now need only aim for a fleetwide average efficiency of 34.9 miles per gallon by 2031, down from the 50.4 mpg average set under the Biden Administration.

CAFE, or Corporate Average Fuel Efficiency, is a measurement used largely for regulatory purposes and doesn’t match the so-called “window sticker” or EPA mileage figure, which is computed under different methodology. It also have become more of a goal than a requirement because the Republican-dominated Congress in 2025 did away with federal fines for not achieving minimum CAFE standards – a move that has saved automakers millions of dollars. For consumers, 34.9 mpg under CAFE is equivalent to about 26 mpg in EPA efficiency. Under the now-defunct Biden rules, the EPA average in 2031 would have been about 38 mpg.

[\[Why don’t EPA and CAFE fuel efficient numbers match?\]](#)

That’s important because while the Trump Administration claims its efficiency rollback will reduce the cost of a new car of truck by an average of \$1,300 by 2031, it is likely to increase consumer’s fuel consumption – and the amount they spend on gas and diesel each year. The exact amount would depend on fuel prices and how closely automakers hew to the new requirements – which are minimums.

The Transportation Department has said that the industry hit a 30.1 mpg CAFE average in 2024 – about 23.3 mpg in real-world efficiency. That means carmakers would have relatively little work to do to meet the new Trump-era CAFE requirements if they chose not to exceed them.

The new CAFE rules were developed by the National Highway Traffic Safety Administration (NHTSA) and are [posted on its website](#).

Changes to vehicle mix

The new rules, released Monday, apply to automakers' passenger cars and light trucks and are an average based on vehicle footprint size. The requirement declines as the vehicle gets larger, so full-size pickups and SUVs have lower requirements than small cars.

In an improvement over the way vehicles have been classified since CAFE was established in 1975, NHTSA said it will classify vehicles according to their intended use rather than by footprint alone starting in 2030. That would flip the fleet mix from the current 70% trucks and 30% cars to 30% trucks and 70% cars.

Because the trucks and car categories each have their own CAFE formula, that could mean a slight overall improvement in the passenger car efficiency fleet average but a drop in efficiency for trucks. NHTSA is projecting that as SUVs that once managed to earn truck classification are removed from the category, the required CAFE average for the remaining truck fleet will fall to just 26.4 mpg (20.5 mpg EPA) in 2031.

No more CAFE credits

The new rules also cancel the CAFE credit market that has long been a valuable income source for EV makers and for companies that specialize in fuel-efficient models and regularly exceed their CAFE requirements.

As of the 2028 model year, CAFE credits will no longer exist and can no longer be traded or sold to manufacturers that can't otherwise meet their CAFE goals for the year.

How's the industry feel?

It is early days yet, but in general automakers and the oil industry are pleased with the new rules.

"NHTSA made the right call to better align fuel economy standards with the law and current market conditions," John Bozzella, president and CEO of the Alliance for Automotive Innovation, which represents the domestic auto industry, said in a statement.

The American Fuel & Petrochemical Manufacturers association fragged EVs into the picture, maintaining that "previous administrations attempted to use CAFE standards as a backdoor to unlawfully force electric vehicle adoption. Thanks to the Trump administration, that ends today.

"The CAFE program is now getting back to what the law actually says, doing what it was always meant to do: support a more efficient vehicle fleet where consumers have access to the types of cars and trucks they want to drive and can afford," AFPM president Chet Thompson said in a statement posted on his group's website.

Do consumers win or lose?

While the Trump Administration says the new rules are a win for consumers, major consumer advocacy and environmental groups largely disagree.

While they may slow increases in the cost of building gas and trucks and appear to fix a few problems that plagued the old rules – the ability of automakers to tweak their SUVs to fit into the more lenient truck category for CAFE purposes, for instance – the new rules also could end up costing consumers as fuel economy stagnates or falls backward while fuel prices increase with inflation and geopolitical conditions such as the current war on Iran.

Lowered fuel efficiency requirements also increase the demand for oil and, as more gas and diesel is burned per mile traveled, the volume of harmful fossil-fuel related emissions. (The

Trump Administration also has [eliminated federal controls on automotive greenhouse gas emissions.](#))

Here's [Consumer Report's take](#) on the new CAFE rules:

“The standards announced this week move us backwards, freezing requirements at around 25 miles per gallon for years to come, and potentially leading to stagnation in the U.S. auto market at a time when gas prices are squeezing Americans’ budgets more than ever.”

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