



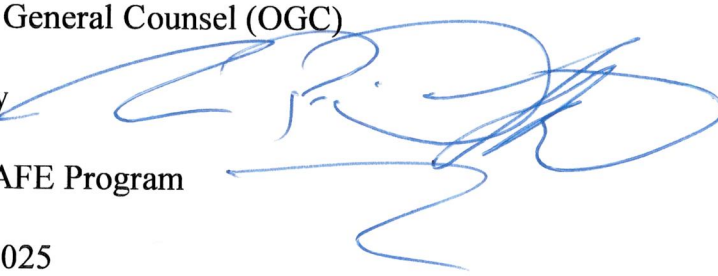
**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

MEMORANDUM

To: Office of the Administrator of the National Highway Traffic Safety Administration (NHTSA)
Office of the Assistant Secretary for Policy (OST-P) and
Office of the General Counsel (OGC)

From: The Secretary 

Subject: Fixing the CAFE Program

DATE: January 28, 2025

By Executive Order 14148, “*Initial Rescissions of Harmful Executive Orders and Actions*,” President Trump has revoked various executive orders of the previous administration. Among the rescinded orders are several that directed or encouraged this Department and other agencies of the Executive Branch to use their regulatory powers, including the power to set corporate average fuel economy (CAFE) standards, to achieve the previous administration’s policy goal of forcing rapid electrification of the Nation’s motor vehicle fleets.¹ Under President Trump, the policy priorities of the Executive Branch have changed.

In Executive Order 14154, “*Unleashing American Energy*,” President Trump has announced that it is the policy of the current Administration to promote the production, distribution, and use of reliable domestic energy supplies, including oil, natural gas, and biofuels; to ensure that

¹ E.g., Executive Order 14008 of January 27, 2021 (Tackling the Climate Crisis at Home and Abroad) (instituting a whole-of-government effort to reduce carbon dioxide emissions); Executive Order 14037 of August 5, 2021 (Strengthening American Leadership in Clean Cars and Trucks) (“setting a goal that 50 percent of all new passenger cars and light trucks sold in 2030 be zero-emission vehicles” and directing the Secretary of Transportation to set fuel economy standards accordingly); Executive Order 14057 of December 8, 2021 (Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability) (promoting government procurement of electric vehicles); Executive Order 14082 of September 12, 2022 (Implementation of the Energy and Infrastructure Provisions of the Inflation Reduction Act of 2022) (applying incentives for production and sale of electric vehicles); Executive Order 14094 of April 6, 2023 (Modernizing Regulatory Review) (directing use of modified cost-benefit analysis that inflates the estimated long-term benefits of carbon-reduction regulations, such as higher CAFE standards). All of these executive orders were rescinded by the Executive Order titled “*Initial Rescissions of Harmful Executive Orders and Actions*.”

all regulatory requirements related to energy are “grounded in clearly applicable law”; and “to eliminate the ‘electric vehicle (EV) mandate’ and promote true consumer choice” by:

1. “removing regulatory barriers to motor vehicle access”;
2. “ensuring a level regulatory playing field for consumer choice in vehicles”;
3. “terminating, where appropriate, state emissions waivers that function to limit sales of gasoline-powered automobiles”; and
4. “considering the elimination of unfair subsidies and other ill-conceived government-imposed market distortions that favor EVs over other technologies and effectively mandate their purchase by individuals, private businesses, and government entities alike by rendering other types of vehicles unaffordable.” Executive Order 14154, “*Unleashing American Energy*,” § 2.

Section 3 of Executive Order 14154, “*Unleashing American Energy*,” directs departments and agencies (a) to identify all existing regulatory requirements that unduly burden the development or use of domestic energy resources or that are otherwise inconsistent with the above policy, and (b) within 30 days of the date of the Executive Order, in consultation with the Director of the Office of Management and Budget (OMB) and the National Economic Council (NEC), to develop and begin implementing an action plan to suspend, revise, or rescind such regulatory requirements. *Id.* § 3.

During the previous administration, NHTSA acted in reliance on the now-rescinded executive orders to finalize two sets of extraordinarily stringent fuel economy standards governing numerous model years of light-duty vehicles and certain medium-duty work trucks.² These fuel economy standards are set at such aggressive levels that automakers cannot, as a practical matter, satisfy the standards without rapidly shifting production away from internal-combustion-engine (ICE) vehicles to alternative electric technologies.

There is therefore strong reason to conclude that the existing CAFE standards promulgated by NHTSA are contrary to Administration policy as reflected in President Trump’s Executive Orders and are inconsistent with the substantive statutory requirements applicable to the CAFE program enacted by Congress and codified in chapter 329 of title 49, United States Code.

Artificially high fuel economy standards designed to meet non-statutory policy goals, such as those NHTSA has promulgated in recent years, impose large costs that render many new vehicle models unaffordable for the average American family and small business owner. They also

² See NHTSA, Final Rule, *Corporate Average Fuel Economy Standards for Model Years 2024–2026 Passenger Cars and Light Trucks*, 87 FR 25710 (May 2, 2022); NHTSA, Final Rule, *Corporate Average Fuel Economy Standards for Passenger Cars and Light Trucks for Model Years 2027 and Beyond and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030 and Beyond*, 89 FR 52540 (June 24, 2024). Both of these sets of standards are currently under legal challenge in cases pending before the U.S. Court of Appeals for the D.C. and Sixth Circuits.

put coercive pressure on automakers to phase out of production various models of popular ICE vehicles and reengineer their fleets in a way that reduces dramatically the power and durability of the ICE models they are able to offer, thereby fundamentally distorting the market and destroying consumer choice at the dealership. In doing so, the existing standards will also inevitably kill thousands of jobs for America's autoworkers—valuable jobs that Congress and the President mean to preserve.

Fuel economy standards that diminish the strength of America's auto industry and deny Americans the full range of affordable ICE vehicles they need and are willing to pay for cannot satisfy the "technological feasibility" and "economic practicability" requirements of the governing law.³ The purpose of the CAFE program is not to force the electrification of the Nation's auto fleets; it is to establish the maximum average fuel economy standards that are realistic and feasible for fleets of vehicles of all sizes and uses that run on combustible liquid fuels like gasoline and diesel fuel and that the auto industry is capable of producing and selling in sufficient volume to meet the real-world market demand of American buyers.⁴

As a result of the regulatory costs, distortions, and pressures imposed by the existing CAFE standards, more Americans will be relegated to driving older and older used vehicles, which statistics show are much less safe in a highway crash. Thus, there is reason to be concerned these standards will actually increase the number of fatalities and serious injuries occurring each year on America's roadways—an unacceptable outcome that is contrary to NHTSA's mission of advancing highway traffic safety for all Americans.

Moreover, there is reason to doubt that the current standards adequately reflect the true state of the Nation's enormous supply of domestic oil reserves, biofuel feedstocks, and refining capacity. And they may not take sufficient account of the current limitations and vulnerability of the U.S. electricity grid, or of the national security imperative of lessening, not exacerbating, America's strategic dependency on unfriendly foreign sources of critical inputs, like processed minerals needed for electric vehicle batteries.

Accordingly, I hereby direct NHTSA to commence an immediate review and reconsideration of all existing fuel economy standards applicable to all models of motor vehicles produced from model year 2022 forward, including in particular the rules titled *Corporate Average Fuel Economy Standards for Model Years 2024-2026 Passenger Cars and Light Trucks* (87 FR 25710) and *Corporate Average Fuel Economy Standards for Passenger Cars and Light Trucks for Model Years 2027 and Beyond and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030 and Beyond* (89 FR 52540). And I direct NHTSA at the earliest opportunity

³ See 49 U.S.C. § 32902(f).

⁴ These factors are apparent from various provisions of law, including, among others, the statutory definition of "fuel" and the prohibition on NHTSA's considering the performance of non-ICE powertrains in setting average fuel economy standards. See 49 U.S.C. § 32901(a)(1), (8), (9) & (10); *id.* § 32902(h).

to propose the rescission or replacement of any fuel economy standards as determined necessary to bring the CAFE program into compliance with Administration policy and the requirements of the law.

Notwithstanding the delegation in 49 CFR § 1.95(a), I direct OST-P and OGC to provide guidance and assistance to NHTSA in fulfilling the requirements of this memorandum. I also direct OST-P and OGC to prepare the action plan required by section 3(b) of the Executive Order titled “*Unleashing American Energy*” in consultation with NHTSA, OMB, and NEC.