

Trump Executive Order on EVs

Executive Order Seeks to Kill EV Incentive and Fuel-Efficiency Standards

This is the paragraph that addresses electric vehicles in the “Unleashing American Energy” executive order signed yesterday (Jan 20):

“(e) to eliminate the “electric vehicle (EV) mandate” and promote true consumer choice, which is essential for economic growth and innovation, by removing regulatory barriers to motor vehicle access; by ensuring a level regulatory playing field for consumer choice in vehicles; by terminating, where appropriate, state emissions waivers that function to limit sales of gasoline-powered automobiles; and by 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;”

In the near term, this EO is more performative than substantive. Aside from the falsities (e.g. there is no federal EV mandate), this alone will not kill the incentive. The order calls for “considering the elimination of unfair subsidies...” It does not actually order them terminated. And it can't.

As we wrote recently [here](#), there is a process to undoing or curtailing the Inflation Reduction Act (IRA) in general, and the EV incentive in particular, which could involve both legislation and rule-making. Nothing specific is on the table yet, though that could certainly happen.

The primary near-term threat is a tariff. If threats of tariffs on Mexico and Canada become reality, and with supply-chains so intertwined, it would inevitably spell price increases. This would affect all vehicles and would apply differently to different vehicles, depending on what gets built where.

Domestic manufacturers have already used the IRA to invest billions in factories to produce EVs and batteries. These investments are essential to their future viability, as well as important to the country's not ceding critical industries to China. They are already behind the curve when it comes to EVs and rapidly losing market share in China because of it.

As we have said in recent months, if you're in the market for an EV, now is a good time to buy.

The USA subsidizes fossil fuel in a big way. It is a complicated subject but this [link](#) dives into it. The Biden Administration had proposed changes to leasing, taxation, depletion, amortization and other items that would have reduced the deficit by \$97 billion over 10 years.