

## Deregulating US emissions legislation intends to remove EV mandates and should not negatively impact PGMs

The US has proposed unwinding emissions legislation. However, the repealing of the Environmental Protection Agency's (EPA) ability to regulate greenhouse gas emissions should not negatively impact US automotive PGM demand (~12% of total 3E PGM demand in 2024). Our view is that these actions reflect moves against EV mandating which could sustain demand for ICE-based vehicles and PGM demand.

In March 2024, the EPA finalised standards to reduce emissions in passenger vehicles from model year 2027 through to 2032. These standards comprised of two regulated areas, namely, greenhouse gases (GHG) and "criteria pollutants". GHG covered carbon dioxide (CO<sub>2</sub>) while criteria pollutants included emissions like nitrogen oxide (NO<sub>x</sub>), carbon monoxide (CO) and particulate matter (PM). In July 2025, the EPA (with probable Whitehouse influence) has proposed repealing GHG emission standards for vehicles. The proposal aims to rescind interpretations of the Clean Air Act which allowed the EPA to regulate pollutants that "endanger" public health or welfare. The EPA cites that CO<sub>2</sub> itself is not toxic to humans (which is true) and therefore the "endangerment" finding is invalid. Moreover, the EPA argues that climate change, in so much as it is driven by GHG emissions, cannot reasonably be expected to be managed by the agency given US vehicle emissions account for only 1.8% (light/medium-duty) and 0.7% (heavy-duty) of global GHG emissions. **Notably, the EPA said that legislation regulating criteria pollutants will be unaffected.**

Edward Sterck  
Director of Research  
+44 203 696 8786

[esterck@platinuminvestment.com](mailto:esterck@platinuminvestment.com)

Wade Napier  
Analyst

+44 203 696 8774

[wnapier@platinuminvestment.com](mailto:wnapier@platinuminvestment.com)

Kaitlin Fitzpatrick-Spacey  
Associate Analyst

+44 203 696 8771

[kfitzpatrick@platinuminvestment.com](mailto:kfitzpatrick@platinuminvestment.com)

Brendan Clifford

Head of Institutional Distribution

+44 203 696 8778

[bclifford@platinuminvestment.com](mailto:bclifford@platinuminvestment.com)

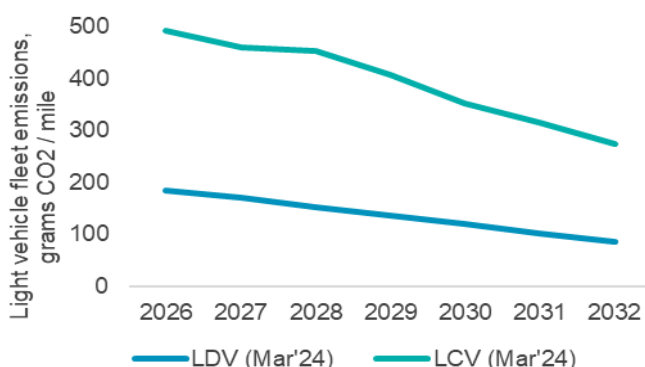
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[www.platinuminvestment.com](http://www.platinuminvestment.com)

166 Piccadilly,  
London, W1J 9EF

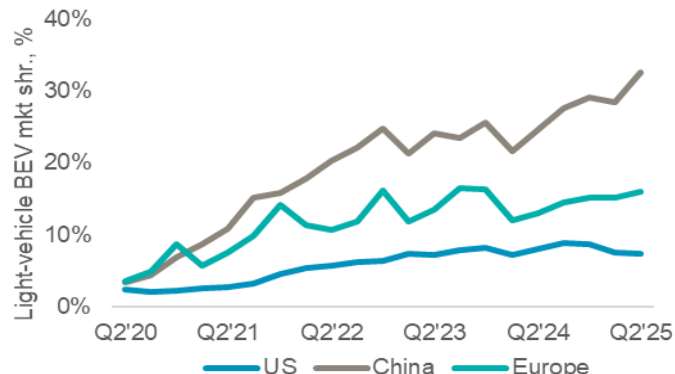
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**Fig 1. The EPA intends repealing GHG emission standards that required increased BEV adoption to achieve**



Source: Metals Focus 2025f, WPIC research

**Fig 2. The US was already set to be a BEV adoption laggard prior to winding back emissions legislation**



Source: Metals Focus 2019-2025f, WPIC research

Since catalytic converters do not reduce CO<sub>2</sub> emissions, but rather reduce harmful emissions designated as criteria pollutants; automotive PGM demand in the US should be unaffected by proposals to repeal GHG standards. Arguably, eliminating GHG emission standards follows the same ideological moves as withdrawing California's waiver to set its own emission standards, where the Advanced Clean Cars II act set EV sales mandates at 100% by 2035 (Fig. 5). While the EPA's GHG emissions standards were technology agnostic, its July 2024 publication noted the only practical way to meet CO<sub>2</sub>/mile limits (Fig. 1) was to raise clean vehicle adoption, with BEVs estimated to account for 30%-56% of new LV sales by 2032 (Fig. 4).

From Sept 2025, consumer demand for BEVs is likely to slow with the removal of Inflation Reduction Act purchase credits. Slowing BEV penetration will be compounded if automakers reduce their electric vehicle offering following the elimination of CO<sub>2</sub> standards. While the US remains behind China and Europe's BEV adoption rates (Fig. 2), tightening NO<sub>x</sub> and NMOG\* emissions limits in 2027 (Fig. 3) should support prolonged PGM demand (Fig. 6). Accordingly, WPIC reiterates expectations that global automotive platinum demand erosion remains slow at -1.7% CAGR from 2024 to 2029f (Fig. 7) and that market deficits are maintained (Fig. 8).

*The US administration is aiming to eliminate any suggestion of EV mandates which could depress future EV sales growth forecasts.*

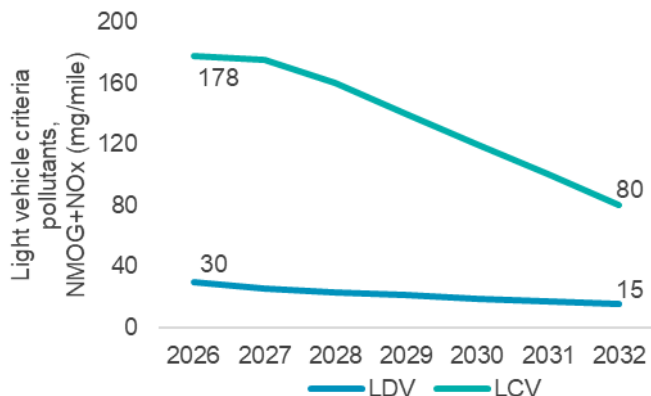
*Automotive PGM demand is expected to have a long tail well into the 2030s.*

*\*NMOG – non-methane organic gas emissions*

## Platinum's attraction as an investment asset arises from:

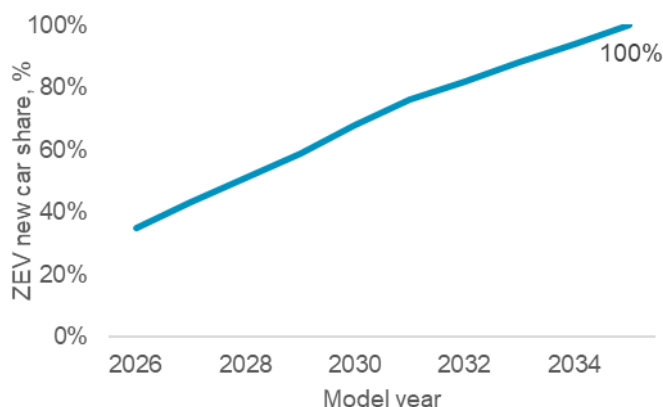
- WPIC research indicates that the platinum market entered a period of consecutive supply deficits from 2023 and these are expected to fully deplete above ground stocks by 2029f
- Platinum supply remains challenged, both in terms of primary mining and secondary recycling supply
- Although US tariffs present some downside risks to demand, these are likely offset by tailwinds to jewellery demand and Chinese investment demand
- Elevated lease rates and OTC London backwardation highlight tight market conditions
- The platinum price remains significantly below the price of gold

Figure 3: US criteria pollutants standards stipulate tightening NMOG\*+NOx from 2026 to 2032 which will support automotive PGM demand, notably rhodium



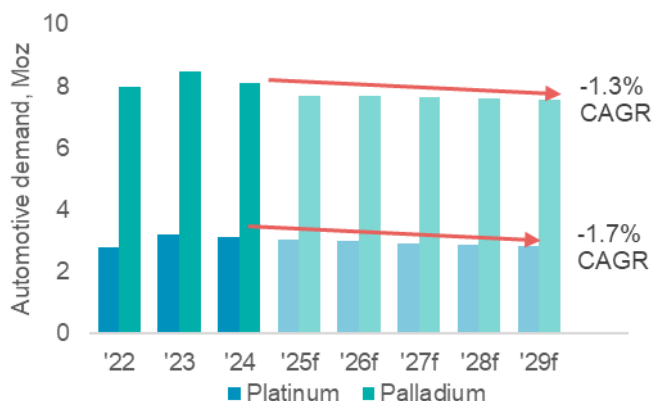
Source: US EPA, WPIC research, \*non-methane organic gases

Figure 5: The California Air Resource Board's Advanced Clean Cars II act requires all new passenger vehicle sales to be Zero Emission Vehicles by 2035



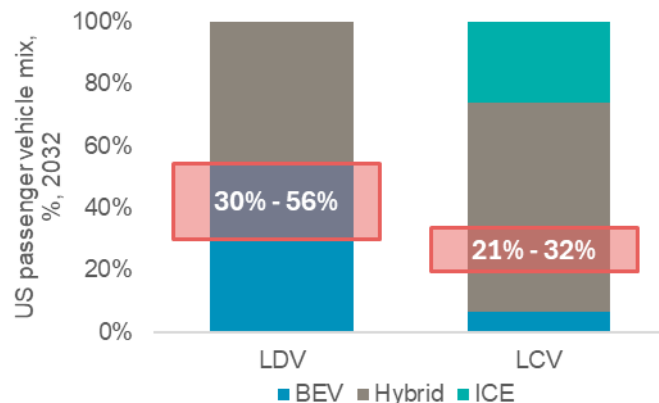
Source: CARB, WPIC research, \*ZEV includes BEV, PHEV and FCEV

Figure 7: Notwithstanding increased BEV demand, automotive platinum and palladium demand erosion is expected to be minimal from 2024 to 2029f



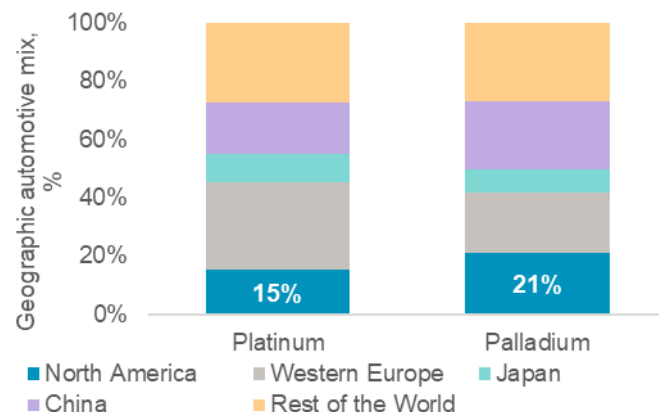
Source: Metals Focus (2022-2025f), WPIC research thereafter

Figure 4: The EPA forecasts that to meet CO<sub>2</sub> standards by 2032, BEVs would need to account for 30%-56% of new LDV sales and 21%-32% of new LCV sales



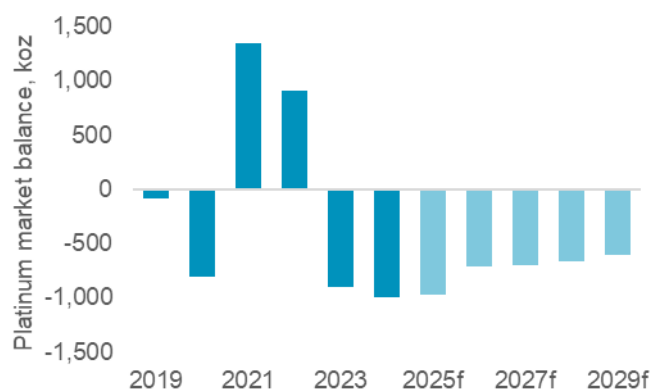
Source: US EPA, WPIC research

Figure 6: In 2024, North America accounted for around a fifth of global automotive platinum and palladium demand of ~11 Moz



Source: Metals Focus, WPIC research

Figure 8: Platinum markets are expected to record consecutive and substantial deficits to at least 2029f



Source: Metals Focus (2019-2025f), WPIC research thereafter

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