



# **TRADE AND OTHER POLICY ISSUES RAISED BY THE UNITED STATES' NEW ELECTRIC VEHICLE INCENTIVES**

***-- PANEL INTRODUCTION --***

**Washington International Trade Association Panel Discussion**

***Red Light, Green Light, 1-2-3:  
Trade, Climate and Electric Vehicles***

**Washington, DC**

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## -- *PANEL INTRODUCTION* --

Good morning and thanks to WITA for inviting me to moderate today's webinar.

Ken has already pushed us off from the shore. I will add a couple of scene-setting observations and get out of the way quickly.

This year's Inflation Reduction Act, IRA, has lots of different types of carbon control provisions. Many of those deal with the broader energy sector, but the one relevant today involves the transportation sector and in particular the government-promoted transition to electric vehicles. Like most of the IRA's carbon control provisions, this one relies on incentives rather than direct regulation. And like other IRA incentives, the incentive for EVs – a \$7500 consumption subsidy – has some strings attached.

The strings relevant for today involve vehicle assembly in North America and the provenance of certain battery components. For those of you familiar with apparel trade, and on the assumption that Steve Lamar may be listening somewhere, these provisions are reminiscent of the "Yarn Forward" rule: if you want the favorable treatment, you have to produce in such-and-such a way, using specified inputs. It's pretty prescriptive, and ultimately producers have to decide whether reorganizing their processes and supply chains, to get the favorable treatment, is or isn't worthwhile.

Anyway, the legislation sets out a category of EVs eligible for better treatment, and that category prominently does not include imported EVs (except from Canada and Mexico). That alone makes this EV provision, whatever its other merits or demerits, a source of potential trade friction. The broader category in which this measure falls – green measures with trade implications – has, historically, not always been easy to manage.

Enter WITA. I love how WITA sculpts its talk events and brings you people who can go beyond just reciting their talking points ... people who can step back, or go up 100 feet, and provide insights that are contextualized. Today is no exception. Our terrific speaker panel includes:

- Jennifer Safavian from Autos Drive America, where she is President & CEO
- Ben Beachy from the BlueGreen Alliance, where he is VP for Manufacturing & Industrial Policy

- David Henig from the European Centre for International Political Economy, where he heads the UK Trade Policy Project

There is naturally some interest in how the government-to-government aspects of this issue are likely to play out. Our panelists might be willing to take a stab at that ... bearing in mind Yogi Berra's admonition that it's tough to make predictions, especially about the future. One thing that's clear is that the EV provisions have already attracted some expressions of concern, from trading partners like the EU, Korea and Japan, and that China & Russia added their criticisms in Geneva this week. The Biden administration, for its part, has struck a confident pose and so may have thought of some interesting moves it can make ... either to head off a dispute or to deal with the consequences of one.

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If you're not on the edge of your seat, you should be. Let's get to our speakers.

Video link for this event: <https://www.wita.org/event-videos/trade-climate-electric-vehicles/>