

May 17, 2021

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Ave NW
Washington, D.C. 20006

Dear Mr. President:

The global transition to electric cars, trucks, and buses has begun, and it is essential for American workers, communities and consumers that the United States invest in domestic manufacturing with high-quality jobs. We applaud the ambitious vision of your American Jobs Plan, which is pro-worker, pro-domestic manufacturing, and pro-climate. We agree that significant federal incentives are needed to build a globally competitive automotive industry here at home that can drive and sustain economic recovery in the clean energy and transportation future. Congress has a narrow window of opportunity to enact a major new program of investments to achieve these goals, and we call on you to ensure that a comprehensive portfolio of manufacturing grants, loans, and tax incentives are a part of any package.

The United States is at a critical juncture. The questions of where and how electric vehicles are built will be determined by federal policy, including investment incentives to preserve and re-shore domestic manufacturing. China has so far [built](#) more than 70 percent of battery cell production capacity worldwide; and with business as usual, the US is [expected](#) to fall further behind China and Europe over the next decade. If the US is to lead in the critical industries of the future, focused investments are needed in retooling, expanding and establishing clean vehicle and technology manufacturing and rebuilding essential supply chains including for batteries, key electronics and materials. Furthermore, federal investment should prioritize opportunities for the communities that need it most, including where energy and manufacturing jobs have been lost or are at risk.

Investments must also drive the industries of today and tomorrow to treat workers fairly and with respect, including ensuring that companies receiving these federal funds create good jobs that provide family-sustaining wages and benefits such as paid leave. The government should ensure that companies receiving funds hire permanent rather than temporary workers, maintain safe workplaces, provide workers compensation insurance, uphold equal opportunity for workers from all walks of life and commit to non-discriminatory employment practices, respect workers' right to come together in unions, and agree to disclosure and independent on-site monitoring of these and other conditions.

The following domestic manufacturing incentive programs with labor standards are critical to accomplishing the goal of a globally competitive domestic automotive industry and supply chain and can support a broadly shared economic recovery that will support good-paying manufacturing jobs:

1. A newly expanded 48C Advanced Energy Manufacturing Tax Credit or similar grant program for investments to retool, expand, or build new manufacturing facilities that make energy-related products will extend to facilities that produce batteries, inverters, motors, and other electric vehicle components, as well as facilities that recycle batteries and critical minerals. This should be funded at \$10 billion or more and prioritize investments in communities that have traditionally relied on the fossil fuel economy for their livelihoods.
2. Manufacturing Conversion Grants at the Department of Energy were authorized by Section 132 of the Energy Independence and Security Act of 2007 to fund the refurbishment or retooling of

domestic automotive manufacturing facilities, especially those recently shut down or at risk of closure, but it was never funded and was not available for electric vehicle manufacturing. This program should be modified, or a similar program created, to fund electric vehicle assembly and components manufacturing for light, medium and heavy-duty vehicles, with at least \$25 billion in funding over ten years.

3. A new manufacturing investment tax credit or comparable program is needed that is specifically designed and scaled to support the establishment of major facilities to fill critical supply chain gaps - including for batteries, semiconductors and other auto related products.
4. A new per-unit tax incentive for the domestic production of critical components such as battery cells would provide a complement to the establishment of new manufacturing capacity, aiding in ensuring sufficiently reliable market demand for emerging products. Such an incentive would help domestic manufacturers achieve cost parity with imported batteries in early years and would lower vehicle costs for consumers.
5. The Advanced Technology Vehicle Manufacturing (ATVM) loan program offers low-cost financing to build or retool domestic manufacturing facilities. The program should be expanded and updated to cover the manufacture of medium- and heavy-duty clean vehicles, components, and electric charging (or hydrogen refueling) equipment. Additional funding of \$4.4 billion would restore previously rescinded funding, expand the program, and unlock roughly \$25 billion in loan authority.

We stand ready to support a comprehensive investment program that will not only rebuild America's physical infrastructure but also rebuild America's manufacturing capacity, an essential element of the vision you laid out in the American Jobs Plan. Now is the time to invest in the American people -- to ensure the dignity of work, high quality jobs, and vibrant communities -- in winning the urgent global race to manufacture electric vehicles and the supply chain here in the U.S. now and for generations to come as a critical step in reducing emissions. We thank you for your continued leadership and look forward to working with you on the full suite of investments and standards needed to build the clean transportation system of the future.

Sincerely,

Center for American Progress

Natural Resources Defense Council

Union of Concerned Scientists

League of Conservation Voters

BlueGreen Alliance

Sierra Club

Environmental Defense Fund

cc: The Honorable Nancy Pelosi, Speaker of the House of Representatives
The Honorable Charles Schumer, Majority Leader, United States Senate