

Chairman Manchin's Opening Remarks During a Full Committee Hearing to Examine Federal Electric Vehicle Incentives Including the Federal Government's Role in Fostering Reliable and Resilient Electric Vehicle Supply Chains

- The committee will come to order.
- We're here to talk about a familiar subject to members on this committee, the electric vehicle supply chain.
- Now before we begin, I want to start by thanking Deputy Secretaries Turk and Adeyemo for being with us today.
- I appreciate Mr. Adeyemo for joining us virtually while he recovers from COVID, and I appreciate Mr. Turk for holding down the fort here in person.
- Both DOE and Treasury have such important responsibilities implementing the laws passed by Congress to secure our EV supply chain.
- We should all be concerned when an administration tries to implement a law that Congress didn't pass.
- When it comes to EVs, this administration is implementing the Build Back Better approach they wanted, not the Inflation Reduction Act law that passed.
- The Inflation Reduction Act had three purposes: 1) Reduce our debt; 2) Secure our energy and produce cleaner in America than anywhere else; and 3) Bring back manufacturing of the building blocks that run our country and made us the superpower of the world.

- While some may believe I just have a vendetta against EVs, I don't have a problem with the concept of them at all.
- The transportation sector is responsible for 29% of greenhouse gas emissions in the country—more than any other sector—with light duty vehicles making up 58% of those emissions. Globally, transportation makes up about 15% of total GHG emissions.
- Alternative fueled vehicle technologies like EVs, hydrogen vehicles, and hybrids can play an important role in lowering these emissions while providing an opportunity for the United States to maintain our status as an automotive powerhouse, re-shore our manufacturing base, and create good paying jobs.
- My problem is not with EVs. My problem is this Administration's crusade to convert everyone over to an EV regardless of where the battery came from or what the law actually says.
- The United States is the birthplace of Henry Ford and his revolutionary Model T.
- Vehicle manufacturing is a building block of our great nation—there has never been a time when we couldn't produce the engines, transmissions, axles, and every other essential component of a car
- I remember waiting in line for oil in the 70s' and I'll be damned if I have to wait in line for a battery from China.
- Just like Putin weaponized Russia's oil and gas resources to try to scare off Europe from supporting Ukraine, Xi Jinping and the Chinese Communist Party are more than willing to use EV batteries and the critical minerals inside them as leverage to put Americans and the free world at risk.

- China has already started to do so with recently announced export controls on certain critical minerals.
- China has truly cornered the market on EVs and is responsible for:
 - 74% of the world's cathode production
 - 92% of the anode production
 - 76% of the lithium-ion battery production
- And they control anywhere from 60% to 100% of minerals processing depending on the mineral.
- But it doesn't have to be that way—America and our free trade agreement partners have the capacity to produce this for ourselves.
- For example, our Free Trade Agreement partners combined are mining more Lithium, Nickel, and Cobalt than China. And 20-40% of global processing capacity for these minerals belongs to either a U.S. ally, one of our FTA partners, or exists in our own country. And that's before we develop the mining and processing facilities in the queue.
- Figures like these show why correct implementation of the Inflation Reduction Act and the Bipartisan Infrastructure Law is so vital.
- Coupled with comprehensive and commonsense permitting reform, these bills were carefully designed to help us win back our vehicle supply chains and create new domestic jobs.
- Unfortunately, it seems this administration is so hellbent on implementing their radical climate agenda for political gain that they are willing to bend and break the law and watch our manufacturing base continue to fall behind.

- Let me give you some examples.
- First, in proposed guidance the administration has cut the IRA critical mineral sourcing percentage requirements in half—which is a blatant violation of the numbers that Congress wrote directly into the law, as shown in the chart behind me.
- They are also pretending battery component manufacturing is the same as critical minerals processing, a move that will discourage the relocation of cathode and anode manufacturing to the United States and will cost taxpayers more than we promised.
- They are proposing fake “critical minerals free trade agreements” that circumvent the law, put American jobs at risk and open the door to loopholes for China to exploit through potential agreements with countries like Indonesia.
- And, most recently with their proposed rules on Foreign Entities of Concern, the administration is delaying deadlines we wrote into the IRA to remove China completely from our battery supply chains.
- As shown in the chart behind me, under the weakened Foreign Entity of Concern rules, vehicles that contain battery minerals and components from China and other adversaries can qualify for years longer than the law allows.
- The Biden Administration didn’t write this bill and, quite frankly, it seems like some of the people implementing the law haven’t even read it.
- It’s unbelievable. The tax code Congress writes isn’t a set of voluntary guidelines, but that appears to be how some in the

administration are treating it. And the EV credit is just one of several concerning examples.

- If the administration doesn't correct course and implement the IRA programs the way we wrote them, their unlawful rules are bound to get struck down in court—which will create tremendous uncertainty for both automakers and consumers.
- I will support any entity that goes to court to correct the illegal liberalization of this law with an amicus brief to set the record straight on the bill Congress actually wrote.
- I'm willing to go to court because implementing the law faithfully is that important to our energy security and restoring American leadership in manufacturing.
- Now let me be clear, just because this Administration has broken the law implementing certain aspects of the IRA, it does not change how proud we all should be of the law we actually passed.
- There's no question the IRA is doing what we hoped it would in many respects, and it will do so much more if this administration follows the law of the land.
- The IRA raised \$687 billion in revenue, invested \$384 billion in energy security while also improving our environment, invested another \$64 billion in healthcare—and with the balance, paid down \$239 billion in debt.
- Today we are producing more energy than ever before in America—in 2023, 37 trillion cubic feet of natural gas, 4.7 billion barrels of oil,

record amounts of solar power and battery storage—and we’re continuing to innovate to make our energy even cleaner.

- The IRA is bringing more investment to this country than ever before and it’s happening in states all across the nation. That is something that should be celebrated.
- And DOE will play a critical role in supporting all of this with programs that provide financial assistance for battery materials processing, manufacturing, and recycling projects in the U.S. and loans and loan guarantees for every part of the EV supply from mining to manufacturing through the Loan Programs Office.
- In fact, electric vehicle and battery makers announced \$52 billion in investments in North American supply chains before the Biden Administration started loosening these rules.
- But if they keep bending the rules, we are going to lose this momentum and we cannot let that happen.
- Mr. Turk and Mr. Adeyemo [ah-de-YEH-muh], let me just end by thanking you both again for appearing before us today.
- You have always taken the time to hear me out on these issues and while we have very different perspectives, I have the utmost respect for the both of you.
- I look forward to a constructive conversation today about how we can achieve a more reliable supply chain for American EVs.
- And with that I’ll turn it over to Ranking Member Barrasso for his opening remarks.

- Thank you, Senator Barrasso.
- I'd like to turn to our panel of witnesses for their opening remarks.
We have:
 - The Honorable David Turk, Deputy Secretary of Energy
 - The Honorable Adewale Adeyemo.
- Now to witness opening remarks.
- Deputy Secretary Turk, we'll begin with you.
- Thank you. Next, we'll hear from Deputy Secretary Adeyemo
- Thank you all again for being here with us and for your testimony.
We will now begin with questions.