



IBEW POLICY BRIEF

Chapter 14: Trade and Manufacturing

The IBEW supports strong labor rights and enforcement provisions in manufacturing and trade policies. The IBEW has had a significant footprint in the North American manufacturing sector. The highly diversified list of products manufactured by IBEW members includes batteries, semiconductors, transformers, control panels, electric motors and generators, wire and cable, electric switchboards, breakers, switchgear, and other advanced energy components like light fixtures, all household appliances, and medical and X-ray equipment.

Policies that offshore domestic manufacturing to foreign, low-cost markets harm members of the IBEW. The experience of IBEW and the labor movement, more broadly, is that trade policy over the past several decades has been one of the most significant factors for the sharp decline in domestic manufacturing. In addition, policies that encourage union busting or make it more difficult for workers to unionize have also deeply impacted the manufacturing sector. As a result, IBEW members working in the advanced manufacturing sector have dropped dramatically over the past 40 years from 400,000 to 30,000.

EV Manufacturing Policies

The automobile industry is vital to the United States national economy, employing hundreds of thousands of Americans in this critical sector of the nation's manufacturing base. However, the U.S. auto sector is falling behind its foreign competitors, particularly China, in manufacturing electric vehicles (EVs). Today, China sells half of the electric vehicles in the world. The International Energy Agency predicts China will control 75 percent of global battery capacity, which is critical to EV manufacturing. Foreign domination of the electric vehicle sector will negatively impact the U.S. auto sector without supportive policies and significant investment.¹⁰



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¹⁰ The International Energy Agency, Global EV Outlook 2019, <https://www.iea.org/publications/reports/globalevoutlook2019/>

The IBEW supports federal policies that incentivize EV purchases with a significant percentage of U.S.-manufactured content, particularly EV batteries. In addition, the IBEW and other labor unions are currently attempting to organize EV battery plants in the United States. Unionization will ensure that these facilities provide family-supporting wages and benefits.

With the passage of the Inflation Reduction Act (IRA), the United States has taken a significant step forward to support domestic manufacturing and assembly of electric vehicles and batteries for EVs. The IRA made notable changes to the EV tax credit system. First, it changed the existing tax credit by dividing it into two parts and eliminating the auto manufacturer limit of 200,000 vehicles. Now, an electric vehicle will qualify for the following:

- A \$3,750 tax credit if the vehicle meets specific critical mineral requirements
- A second \$3,750 tax credit if the vehicle meets specific battery component requirements

The final assembly of the automobile must occur within North America to qualify for the tax credits. There are also price caps for vehicles to qualify for the credits – \$55,000 for sedans and \$80,000 for SUVs, vans, and trucks. There is also an income limit to qualify for the tax credit to address concerns that the credits just supported affluent drivers. Now, no credit is allowed if the purchasing household earns over \$150,000 for an individual or \$300,000 for a married couple.

See the chapter resources for additional EV tax credit information [released by the U.S. Department of the Treasury](#).

You can also learn more about the new EV tax credits through the [Congressional Research Service's brief report](#), also available in the resources section of this chapter.

The Inflation Reduction Act also created a new tax credit for used electric vehicles. Now, purchasers can receive a tax credit of up to \$4,000 or 30 percent of the sale of the car, whichever is more. The sales price must be at most \$25,000. There is an income threshold of \$75,000 for individuals and \$150,000 for married couples to qualify for the used EV tax credit.

There is also a new EV tax credit for commercial-use EVs. This tax credit has a maximum value of \$7,500 for vehicles with a gross vehicle weight rating (GVWR) of less than 14,000 lbs. and is capped at \$40,000 for vehicles with a GVWR of more than 14,000 lbs. Congress based the overall value of the commercial EV credit upon the difference in cost of the EV and a comparable internal combustion engine vehicle.

Energy Supply Chain Policy

The Bipartisan Infrastructure Law (BIL) invests significantly in clean energy supply chains. These investments will allow the United States to produce new energy technologies domestically. The BIL boosts our competitiveness within the global clean energy market, a market expected to reach \$23 trillion by the end of the decade. In addition, these investments will create jobs up and down the supply chain — especially manufacturing jobs and skills-matched

opportunities for fossil fuel workers. The BIL has:

- Invested more than \$7 billion in the supply chain for batteries, essential to powering our economy with 24/7 clean, affordable, and resilient energy and transportation options. This investment will include resources needed to produce, source and even recycle critical minerals without new extraction/mining
- Provide an additional \$1.5 billion for clean hydrogen manufacturing and advancing recycling
- Create a new \$750 million grant program to support advanced energy technology manufacturing projects in coal communities
- Authorize the federal government to invest in projects that increase the domestic supply of critical minerals
- Authorized the federal government to expand programs with manufacturing zero-carbon technologies for medium- and heavy-duty vehicles, trains, aircraft, and marine transportation

Buy America / Buy American

Under several laws, including the Buy American Act, the federal government must buy American-made iron, steel, and manufactured goods wherever possible. The federal government's purchasing power is enormous. The U.S. government spends more than \$600 billion yearly on goods and services. This power makes Buy America/n laws a significant policy to promote domestic manufacturing. For decades, the domestic threshold for an American-made product was 55 percent. In addition, the administration grants waivers of domestic content requirements for products that are not easily accessible or manufactured in the United States.

In July 2021, the Biden Administration proposed a modernization of made-in-America laws, including the creation of a new office to scrutinize and reduce the authorization of waivers. Congress' intent with this new policy is to maximize taxpayer dollars on domestic products and services. Through this policy, the administration has strengthened our industrial base and created good-paying, union jobs for Americans.

President Biden finalized his administration's made-in-America proposal in March of 2022. The administration announced that the domestic content threshold for the Buy American Act will be raised gradually to 75 percent by 2029. Increasing the domestic content threshold will close loopholes in the current regulations and create more opportunities for small- and medium-sized manufacturers and their employees from all parts of the country. Along with implementing enhanced price preferences to select critical products and components, the administration's reforms to made-in-America laws will help create demand for domestically manufactured products. You can read more about these new rules from [the statement released by the White House](#).

Industrial Policy - The CHIPS & Science Act

The CHIPS and Science Act authorizes \$102 billion over five years to the National Science Foundation (NSF), the Department of Commerce, and the National Institute of Standards and Technology (NIST) and a further \$68 billion in grants to the Department of Energy for research and programs related to energy security, nuclear technologies and commercialization.




What's Next

Ensure Federal Investments in Manufacturing Include Labor Standards

Through enactment of recent major legislation, including the Inflation Reduction Act, Bipartisan Infrastructure Law, and CHIPS and Science Act, the Biden administration will be investing tens-of-billions-of-dollars to jump start a revitalization of domestic manufacturing. Ensuring that these federal dollars are tied to strong labor standards that can create generational, family-sustaining jobs must be a priority. Companies that receive grants, loans, tax credits, and other financial incentives provided to companies in battery, EV, semiconductor, and other types of manufacturing industries must be required to make commitments that put workers at the table and keep them there. This includes commitments such as long-term worker training and equity, job quality and worker protection plans, meaningful collaboration with unions, and the use of union and domestic labor and content up and down the manufacturing supply chain.

Please get in touch with the Government Affairs Department representative covering this policy area for updates.

Chapter Resources

Hyperlink	URL	QR
Manufacturing Resources:		
EV tax credit information released by the U.S. Department of the Treasury	https://home.treasury.gov/system/files/136/EV-Tax-Credit-FAQs.pdf	
Congressional Research Service's brief report EV Tax Credits.	https://crsreports.congress.gov/product/pdf/IN/IN11996	
Biden-Harris Administration Delivers on Made in America Commitments	https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/04/fact-sheet-biden-harris-administration-delivers-on-made-in-america-commitments/	

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Manufacturing, Trade & Immigration