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November 30, 2021

The Honorable Charles Schumer
Majority Leader
United States Senate
S-221, The Capitol
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230, The Capitol
Washington, D.C. 20510

Dear Majority Leader Schumer and Minority Leader McConnell,

We, the undersigned international auto manufacturers in the United States, are committed to lead the drive to build a cleaner climate future by doing our part to electrify the United States by investing in new green technologies, electric vehicle (EV) production facilities, domestic battery facilities, and in our American workforce. We appreciate your continued support for tax credits that encourage more consumers to consider EVs. However, we are opposed to the proposed changes to the EV tax credit incentive in the Build Back Better Act that discriminates against American autoworkers, limits consumer choice, and prevents the administration from reaching President Biden's goals on climate change.

Our companies have invested a combined \$98 billion into our U.S. operations to date, directly employ 131,000 Americans in 500 facilities across 36 states, and indirectly support nearly 2.1 million additional U.S. jobs. Today, we account for 55 percent of all new U.S. vehicle registrations annually. Our companies collectively exported over 650,000 vehicles from the United States to more than 135 countries in 2020.

As the Senate prepares to debate and vote on the Build Back Better Act, we ask that you give serious consideration to the way section 136401 – Refundable New Qualified Plug-In Electric Drive Motor Vehicle Credit for Individuals, as drafted, creates a discriminatory \$4,500 supplemental tax credit given only to buyers of EVs assembled by workers who have chosen to work under a collective bargaining agreement. This would unfairly disadvantage American workers who have chosen not to join a union and who produce over half of all vehicles in the United States, including over 80 percent of American-made EVs.

The proposal would severely limit consumer choice and adaptability. Limiting the tax credit to union-built, U.S.-assembled vehicles and applying these proposed limitations to the current EV market, only two of over 50 vehicles would qualify for the full tax credit. This dramatic limitation on the number of EV options that can receive the full incentive will force many consumers to reconsider and purchase traditional gas-powered vehicles. Research shows that consumers are more likely to buy an EV if they have more choices, including various price points, capabilities, and ranges that meet their needs. A tax incentive that is limited to only a few vehicles effectively limits the vehicles available for consumers to choose from, creating another barrier to entry for new EV consumers who may not be able to find the EV that fits their needs.



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Proposals that dramatically limit consumer choice threaten our nation's ability to meet the President's goal to make half of all new vehicles sold zero-emission by 2030. According to the Department of Energy Alternative Fuels Data Center, for every EV on the road versus a traditional gas vehicle, carbon emissions are reduced by an average of 6,000 pounds per year. More EVs on the road equals reduced carbon emissions and puts the United States one step closer to meeting our climate goals.

Additionally, federal incentives that are inconsistent with commitments made at the World Trade Organization and with our trading partners, including the United States-Mexico-Canada Agreement, will further slow the adoption of EVs and hinder our ability to expand the U.S. EV manufacturing base. Recently, 25 ambassadors from around the globe expressed their concerns about how these discriminatory policies will negatively affect their auto industries and harm trade relations with the U.S. Additionally, both Canada and Mexico have sent separate letters to Congress outlining their concerns about how it will impact their auto industry. EVs have been one of America's fastest-growing exports, with over 212,000 American-made EVs exported last year, a 280 percent increase from 2017. Upsetting access to foreign markets will only harm the entire U.S. industry and its work to establish new EV assembly lines and workforces, supply chains, and consumers.

Congress should provide tax incentives to promote electrified vehicles. We urge you to support policies that offer incentives to ALL electric vehicles made by ALL American autoworkers and oppose policies that discriminate against half of the U.S. automotive workforce and will only slow progress toward meeting our climate goals.

Sincerely,

Rick Schostek
Executive Vice President
American Honda Motor Co.,
Inc.

Sebastian Mackensen
President and CEO
BMW of North America, LLC

Jose Munoz
President and CEO
Hyundai Motor North
America

Sean Yoon
President & CEO
Kia North America & Kia
America

Jeffrey H. Guyton
President & CEO
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President and CEO
Toyota Motor North America,
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Scott Keogh
President & CEO
Volkswagen Group of America,
Inc.

Anders Gustafsson
President and CEO
Volvo Cars USA, LLC

cc: Members of the United States Senate