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A Statement of opinion from the Southeast United States Korean Chamber of Commerce ("SEUSKCC") encouraging the implementation of a grace or ease-in period for U.S. trade allies with respect to the Inflation Reduction Act ("IRA")'s EV tax credits and incentive considerations

The SEUSKCC writes to share its opinion and ask congressional members to give serious consideration to providing an implementation grace or ease-in period with respect to the recently passed bipartisan IRA bill.

Within the IRA bill, there is a specific set of provisions related to clean energy and climate incentives for building better supply chains for clean vehicles, including electric vehicle (EV) tax credits for consumers. The final provision signed into law, however, includes the immediate removal of current tax credits for EV buyers/consumers that purchase an **EV not assembled in North America** (including those that are from our free trade agreement allies).

This tax credit disallowance provision is leading to confusion within the international trade community. It sends the wrong message to trading allies and global economic partners of the U.S. about how we value their relationship.

The IRA bill needs a grace or ease-in period, allowing adequate implementation time for existing businesses and the countries with which we have a strategic trade relationship. We believe consumers, manufacturers, and the environment would benefit if tax credits were allowed for all EV purchases from our allied trade partner nations that have a free trade agreement (FTA) irrespective of where they were assembled.

We believe the gradual implementation of the IRA law will encourage successful re-building of the new U.S. supply chain and importantly not hurt our long-term built strategic **relationships with our allies as we continue to attract more foreign direct investments (FDI) projects around the nation**.

Creating new supply chains for the next generation clean technology with our allies is critical for businesses both small and large, and such a process takes time and dedication. Therefore, the immediate removal of EV tax credits for foreign manufacturers will not help strategic trade partners currently considering additional FDI projects. On the contrary, it can lead to more uncertainty nor does such action fight to help the global inflation problem – which can only be stopped by fostering good trade and increase economic supply.

By disallowing an EV tax credit to consumers wanting to purchase a foreign-manufactured EV from our allied nations today, the sale and use of such EV is being discouraged. As many foreign manufacturers have committed to investing billions of dollars into EV production in the next few years, disallowing the consumer EV tax credit today, as these manufacturers ramp up North American production, may cause the foreign manufacturer to rethink their EV investment strategy in the U.S.

If, however, U.S. congress would allow for an implementation grace or ease-in period for our strategic economic allied nations (i.e., Republic of Korea etc.), **giving them the flexibility and time to ramp up their EV manufacturing** (i.e., 12-24 months), this would not only lead to better EV adoption and supply chain building – but also help in the reduction of undesirable emissions contributing to climate change. Furthermore, providing for an implementation grace period would also be viewed by our allied nation EV manufacturers and consumers as an important demonstration of the commitment to lead the worldwide EV adoption and clean energy initiatives to help global climate change issues. In addition, it will help planned investments and job creation in the U.S. regions (especially at the backbone of rebuilding the next-generation manufacturing) to prosper and thrive. We can build better by jointly strengthening the relationship with our allies, which bring significant impact to our communities, quality jobs, and economic growth together.

We are glad that the IRA bill was passed in a bipartisan manner. It's a pivotal once in a lifetime opportunity to build better clean energy initiatives and next-generation manufacturing supply chain infrastructure in the United States. We encourage the U.S. congress to fully incorporate our strategic global EV manufacturer partners in this opportunity by providing a grace or ease-in period with respect to the implementation of the IRA bill. Doing so will demonstrate not only the U.S.'s continued leadership but also its unwavering commitment to its foreign trade allies.

Please reach us with your opinions that matters at Korean.Chamber@seuskcc.org.

If you have a story or want to contribute to the next chapter in our U.S. – Korea's economic relationship, please consider **joining us**.

Why are we sharing our voice ?

SEUSKCC is a bipartisan not-for-profit organization that aims to achieve its mission and purpose of promoting good business relationships between South Korea and the United States, including cultural and networking opportunities between peoples of the two countries in the region.

The intention behind the expression of our position is based on our unwavering desire to continue to deepen and strengthen the relationships and friendships between South Korea and the United States with the objective of positively impacting our business and economic community.

SEUSKCC believes that through collaboration and sharing of information, values, ideas, culture, and food we can, as an organization, help bring the South Korean community in the Southeast region of the United States closer to the local community one person and one company at a time. This will result in mutually beneficial understanding, friendships, and business opportunities.

SEUSKCC Board of Directors