



Trade and Manufacturing

"Our country has a lot of work to do to strengthen our economy and create millions of good jobs. The men and women of the IBEW are ready to work with lawmakers and business leaders as we work to rebuild America's manufacturing industry."

*—International President
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IBEW POLICY BRIEF

GOVERNMENT AFFAIRS DEPARTMENT LEGISLATIVE ACTIVITY

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The International Brotherhood of Electrical Workers (IBEW) supports strong labor rights and enforcement provisions in trade and manufacturing policies. Historically, the IBEW has had a significant footprint in the North American manufacturing sector. The highly diversified list of products manufactured by IBEW members includes electric motors and generators and other advanced energy components like light fixtures, all types of household appliances and broadcasting, entertainment, telecommunications, scientific and medical equipment.

Unfortunately, IBEW members have been harmed by the offshoring of domestic manufacturing to foreign, low cost markets. The experience of IBEW's members, and the labor movement more broadly, shows that trade policy over the past several decades has been the biggest factor for the sharp decline in domestic manufacturing. As a result, the number of IBEW members working in the advanced manufacturing sector has 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, on the manufacture of electric vehicles (EVs). Today, China sells half of the electric vehicles in the world and is predicted to 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.

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

Additionally, the IBEW supports policies that will make it easier for middle class households to purchase electric vehicles. Currently, the federal tax code provides a \$7,500 tax credit for purchasing a new EV, which overwhelmingly benefits households making over \$100,000 a year.

The EV tax credit should be reformed to a point-of-purchase incentive that can be applied to new EVs, as well as EVs in the secondary market. These reforms would make EVs more affordable for middle class families and spur greater demand for EV infrastructure.

Recent Developments

Support for Energy Supply Chain in the Bipartisan Infrastructure Law

The Bipartisan Infrastructure Law (BIL), makes significant investments in clean energy supply chains that will allow the United States to produce new energy technologies domestically, boosting our competitiveness within the global clean energy market, which is expected to reach \$23 trillion by the end of the decade. These investments will create jobs up and down the supply chain—especially manufacturing jobs and skills-matched opportunities for fossil fuel workers. The BIL will:

- Invest more than \$7 billion in the supply chain for batteries, which are essential to powering our economy with 24/7 clean, affordable, and resilient energy and transportation options. This will include producing critical minerals, sourcing materials for manufacturing, and even recycling critical materials 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 and 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 is required to buy American-made iron, steel and manufactured goods wherever possible. Spending more than \$600 billion each year for goods and services, the federal government's purchasing power makes this law a significant policy to promote domestic manufacturing. For decades, the domestic threshold for an American-made product was set at 55 percent. In addition, waivers are granted from made-in-America laws for products that are not easily accessible or manufactured in the United States.

Last July, the Biden Administration proposed a modernization of made-in-America laws. Among the new policies was the creation of an office to scrutinize and reduce waivers to made-in-America laws. This new policy is intended to maximize the use of taxpayer dollars on domestic products and services to strengthen our industrial base and create good-paying, union jobs for Americans. In March 2022, President Biden 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 the implementation of 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.

Pending Priorities

Industrial Policy - USICA and COMPETES Act

The America Creating Opportunities for Manufacturing, Pre-Eminence in Technology, and Economic Strength (America COMPETES) Act is the House of Representatives' companion to the Senate's United States Innovation and Competition (USICA) Act. The two bills seek to increase America's competitiveness in key technological sectors and reshore manufacturing jobs that have been lost to foreign competitors like China. While both bills share some significant policies, there are also important differences. One of the key similarities is the inclusion of the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act in both bills. The CHIPS Act would provide \$52 billion to fabricate semiconductors in the United States and address supply chain disruptions. Both bills also include major investments in scientific research and development to advance U.S. leadership in cutting edge technologies and innovation.

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The IBEW supports the House of Representatives version of the America COMPETES Act. This legislation includes several programs that would benefit IBEW members, including:

- Reauthorize and strengthen the Trade Adjustment Assistance (TAA) program, which provides financial support and training for American workers who are displaced due to foreign trade
- Create a new review process that would protect the U.S. supply chain by giving the federal government the authority to halt certain outbound investments and offshoring of critical capacities and supply chains to foreign adversaries like China and Russia
- Strengthen America’s laws to prevent foreign countries from dumping oversupplied goods and importing government-subsidized products
- Invest \$45 billion for grants, loans and loan guarantees to support domestic supply chain resilience and manufacturing of critical goods, industrial equipment and manufacturing technology. Attached to these dollars are strong labor standards that would make it easier for manufacturing workers to organize and bargain collectively
- Establish a \$3 billion domestic manufacturing supply chain incentive for new construction of solar manufacturing capacity and provide grants and direct loans to improve existing facilities. This program has strong labor protections, including prevailing wage requirements
- Authorize a \$375 million Strategic Transformer Reserve to reduce vulnerability in the electric grid and support the development, testing and monitoring of critical electric grid equipment

Please reach out to the Government Affairs Department representative covering this policy area for any updates.

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Policy Expertise

Manufacturing

