

October 15, 2024

As the Committee on Ways and Means prepares to address critical tax measures in the 119th Congress, the Alliance for Automotive Innovation (Auto Innovators) appreciates the opportunity to highlight the importance of the auto sector to our nation's economic and national security.

Our members' investments in future automotive technologies – including new manufacturing capacity and supply chains – are keeping the U.S. competitive in the global auto industry. These investments – and policies that support these investments – generate good paying jobs and broader economic benefits in communities and states across the nation.

Auto Innovators was formed in 2020 to serve as the singular, authoritative, and respected voice of the automotive industry in the United States. Our members represent the full automotive industry, from the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers, and semiconductor makers. As the nation's largest manufacturing sector, the automotive industry is responsible for nearly 10 million U.S. jobs and contributes \$1 trillion to the U.S. economy each year – representing nearly 5 percent of the country's gross domestic product.¹

Leadership in automotive technology and manufacturing has underpinned a century of U.S. economic growth and innovation. This leadership, however, in the United States and our global competitiveness is not guaranteed. It requires a sustained commitment to the complementary policies that began under the Tax Cuts and Jobs Act of 2017 (TCJA) and extended through the Inflation Reduction Act (IRA) to ensure the U.S. remains a competitive market for automotive investment and innovation.

Without question, the Tax Cuts and Jobs Act of 2017 set the economic conditions and opportunities for massive capital investments by the private sector. Key provisions from TCJA – such as the 21 percent Corporate Tax Rate, R&D expensing, and other pro-growth provisions – provide a competitive tax system necessary for the U.S. to keep pace globally.

The TCJA has been complemented by key provisions from the Infrastructure Investment and Jobs Act (IIJA) and, more importantly, the IRA, to fuel the \$124 billion in capital our member companies invested here in the U.S. since 2018. Sustaining these complementary provisions – including the Advanced Manufacturing Tax Credit, consumer tax credit and commercial leasing credit – is critical to cementing the U.S. as a global leader in the future of automotive technology and manufacturing.

The complementary tax provisions from TCJA and IRA support our shared objective of a globally competitive American auto industry that underpins the country's economic and national security interests.

Nations around the world are moving aggressively to lead the development and deployment of these emerging automotive technologies. These same nations have clearly recognized that, as we have

¹ [The American Auto Industry: Strengthening Economic and National Security.](#)

witnessed with respect to other sectors, those that lead the development and deployment of these technologies will also guide the development of international standards, control supply chains, and drive international markets.

Two decades ago, the U.S. was the leading manufacturer of automobiles in the world. Today, we remain one of the global leaders, manufacturing approximately ten million vehicles in the U.S., and more than sixteen million across North America. At the turn of the century, China was manufacturing around two million vehicles. Today, they manufacture thirty million vehicles and have capacity for nearly fifty million. Nearly one-third of China's production was for new energy – or electrified – vehicles.

Put differently, China is manufacturing EVs on a scale equivalent to the entire manufacturing output of the auto industry in the U.S. The U.S. and its allies must protect the goals of the IRA and put a stop to China's growing technological and manufacturing dominance in the global automotive supply chain. The U.S. must do everything it can to protect its competitiveness in a global marketplace, ensure a level playing field against unfair trade, technology, and subsidy practices, and protect U.S. and manufacturers intellectual property and national security interests.

While the U.S. is no longer the largest auto producing country, China's strategic focus on EVs has propelled it to global leadership. Unlike other export sectors, China's EV dominance is a key element of its high-tech economic strategy and a vital counterbalance to a slowing domestic consumer market. As a result, Chinese EVs are attracting large venture capital investments as decision makers reach the same conclusion: the sector is too big to fail and will receive whatever support from the Chinese government it perceives as necessary.

Auto manufacturers and suppliers are committed to keeping the U.S. at the forefront of automotive innovation and manufacturing – and are investing significantly in that future and Congress' support of complementary tax policies is critical to securing these and catalyzing further investments. In recent years, the automotive supply chain and manufacturers have announced \$124 billion in U.S. investments, from \$33 billion in EV assembly plants to \$90 billion of which are in battery factories. Investments that will create 113,000 jobs and increase U.S. battery plant capacity by 649%.²

The economic benefits derived from these investments significantly surpass direct jobs in the auto industry. Every direct job in vehicle manufacturing creates another 10.5 American jobs throughout the broader economy providing an estimated payroll of \$650 billion and contributing more than \$220 billion in federal and state revenue annually. These investments are substantial economic multipliers with every \$1 added to the economy by vehicle manufacturing creating an additional \$3.45 in economic value.³

The attached summary demonstrates the auto industry's critical role in maintaining U.S. manufacturing leadership, not just for our industry but for the long-term economic and national

² Ibid.

³ Ibid.

security of the nation. We look forward to working with you and your colleagues in both chambers to ensure these investments succeed, thereby safeguarding good paying American jobs and the broader economic benefits they bring to communities across the country. In particular, as our industry continues to advance the next generation of automotive technologies, we welcome the opportunity to engage with the Committee to preserve, or even improve, key tax provisions that help to support billions of dollars of investments and thousands of American jobs.

Should you have any questions or wish to arrange a time to meet with me or the Auto Innovators team, please do not hesitate to reach out to John Ohly, Head of Congressional Affairs, at johly@autosinnovate.org.

Sincerely,

A handwritten signature in black ink, appearing to read "David Schwietert", with a stylized flourish at the end.

David Schwietert

Chief Government Affairs and Policy Officer