



COMMENTS ON THE DEPARTMENT OF TREASURY DECEMBER 4, 2023, NPRM REGARDING THE SECTION 30D ELECTRIC VEHICLE TAX CREDIT

We applaud the Biden-Harris Administration for proposing regulations that would significantly and rapidly decrease our reliance on foreign adversaries for critical minerals and battery components. GreenMet appreciates the opportunity to provide comment to Internal Revenue Service (IRS) and the Treasury of the United States on the Notice of Proposed Rulemaking (NPRM) regarding electric vehicle (EV) tax credits (30D Clean Vehicle Tax Credit). Reshoring America's critical mineral supply chain are energy and national security imperatives.

GreenMet champions cultivating a domestic supply chain of critical minerals by empowering and expanding the American critical mineral industry. Our efforts to reduce U.S. over-reliance on imports of critical minerals and metals—particularly from our adversaries—will serve to strengthen U.S. national security. Critical minerals are the bedrock of our modern technologies, from the lithium and cobalt required for batteries to power everything from our smart phones to electric vehicles, to the gallium and graphite in our computer chips and the neodymium and praseodymium essential to our military aircraft. Essential to our national security, energy sustainability, and economic stability is our ability to ensure reliable and sustainable access to these resources for the United States.

The electric vehicle industry is dependent on critical minerals and rare earth elements (REEs). The definitions and enforcement of this proposed rule will have a significant positive impact on GreenMet, our clients, and the global mineral industry. Ensuring the traceability of the minerals in this supply chain is imperative, especially when foreign adversaries and competitors use abhorrent practices to extract, refine, and process critical minerals. Effective, accountable, and enforceable traceability mechanisms must be in place for the intent of the 30D tax credit to be realized. Without them, what is a seemingly innocuous exclusion for “non-traceable battery materials,” becomes a tremendous opportunity for those very market-dominant adversaries we are trying to exclude from benefitting from the credit.

Part and parcel with ensuring that minerals used in American vehicles are manufactured to the highest degree of environmental and labor practice standards is our ability to accurately verify the provenance of critical minerals, battery materials, and battery cells. Equally important is traceability as an important means to preventing taxpayer money from being funneled into adversarial hands. GreenMet supports the proposed rule's purpose to diminish Foreign Enclaves of Concern's (FEOC) domination of the critical mineral supply chain. However, GreenMet urges the treasury and the IRS to consider only the narrowest of definitions for “non-traceable battery materials.” Any definition of non-traceable battery materials should not include any REEs or their constituent oxides or minerals. This will ensure that FEOC's, especially China, do not continue to exploit loopholes that enable them to bypass domestic sourcing requirements, out-compete domestic alternatives through their market domination and ability to control pricing, and ultimately benefit from the very tax credits intended to keep them out of the supply chain.



By creating the exemptions for non-traceable battery materials that are included in the proposed rule, Treasury removes any incentive for the EV and EV battery industry to lead the supply chain into development of robust critical mineral traceability capabilities. In fact, that very clause has the potential to open a giant loophole for China and other FEOC to continue to profit from U.S. taxpayer dollars. Although some minerals or REEs may account for a small portion of the final battery in terms of price, mass, or weight, their supply chains are incredibly important for energy and national security.

Analogous to the USDA's obligation to be able to trace food supply chains and their regulations requiring that industry comply with complex and comprehensive traceability requirements, Treasury must establish a mechanism to trace minerals and materials. The U.S. must work in partnership with the domestic and allied critical mineral sector and the EV industry to create a viable path forward for critical mineral traceability that prevents the PRC, Russia, and other adversaries from exploiting American interests and profiting off the back of both U.S. consumers and the U.S. taxpayer. While traceability may not be viable or as important for things like plastics, adhesives, and other low value battery components, REEs and critical minerals represent indispensable resources that must have a paper trail from origin to manufacturing.

Excluding FOECs from benefiting from the 30D Clean Vehicle Tax Credit will help incentivize domestic manufacturing of critical minerals and their constituent materials. Re-shoring the critical mineral supply chain will strengthen our economy in a multitude of ways, including bringing back American manufacturing in the critical mineral sector. GreenMet is proud to support domestic supply chains of critical minerals as they seek to provide the U.S. government with the most cost-effective and practical path to a secure and uninterrupted supply chain for heavy rare earths, from mine to separated rare earth oxides. GreenMet, with our relationships across the entire domestic supply chain, would welcome the opportunity to work with this Administration, the industry, and our allies to ensure that such traceability capabilities are robust, complete, and efficient.