



U.S. Election results and its potential impact on the Canadian EV industry

An EMC member exclusive webinar presented by Daniel Breton

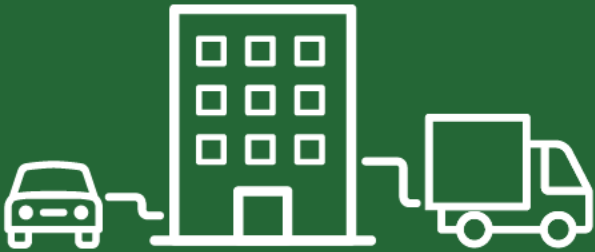
Light duty EV rebates

What we heard so far.

Yesterday, Reuters¹ published an article saying:

- Trump transition team plans to end EV tax credit
- Tesla representatives supported the proposal to end the subsidy-sources
- Trump's team led by oil executive Harold Hamm targets some Biden clean-energy policies

In 2023, JD Vance² proposed a \$7,500 incentive for US made gas, diesel or hybrid vehicles.

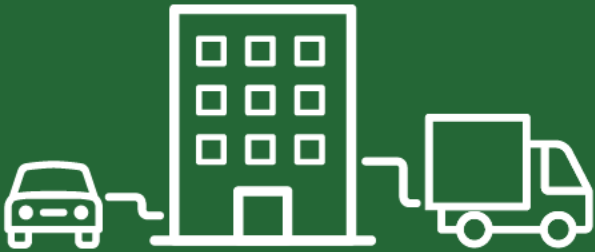


Light duty EV rebates

Potential impact on Canada

A future federal Conservative government may feel emboldened to end the \$5000 rebate quickly

Since 80%+ of all light duty vehicles built in Canada are for the US market, the end of US EV rebates could represent a challenge for Canadian EV manufacturing projects.

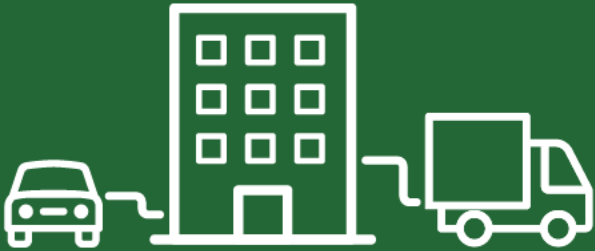


Electric MHDV rebates

Under the IRA³, 14,000 pounds or more (typically larger vehicles like school buses and semi-trucks) got a maximum credit of \$40,000.

Will we see the end of these rebates in 2025?

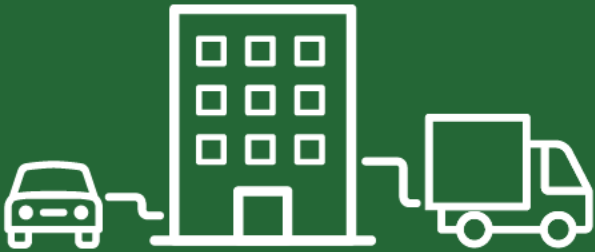
Thoughts from Patrick Gervais
VP, Truck and Commercial Development
(Lion Electric)



Electric MHDV rebates

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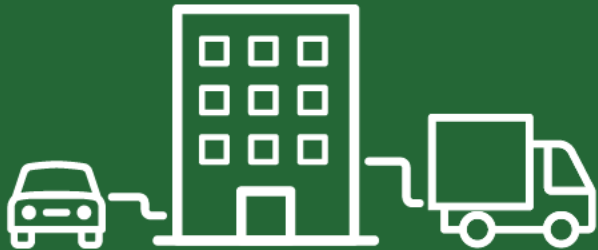
Infrastructure deployment: NEVI program

The current NEVI Program provides **funding to states** to strategically deploy public EV charging stations. Funding is available for up to 80% of eligible project costs.

A percentage of the available funding has already been attributed to states until 2026⁴

What will happen after 2026?

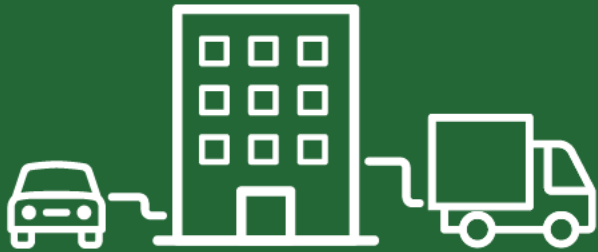
What will happen with the Ionna project and Tesla Supercharger deployment?



Infrastructure deployment

Potential impact for Canada

It's too early to tell, BUT Canada may end up securing **more** EV infrastructure projects if the US government decides to slow down or stop EV Infrastructure deployment, especially if a future Conservative government keeps supporting EV Infrastructure deployment through ZEVIP, CIB or other means with OEMs.

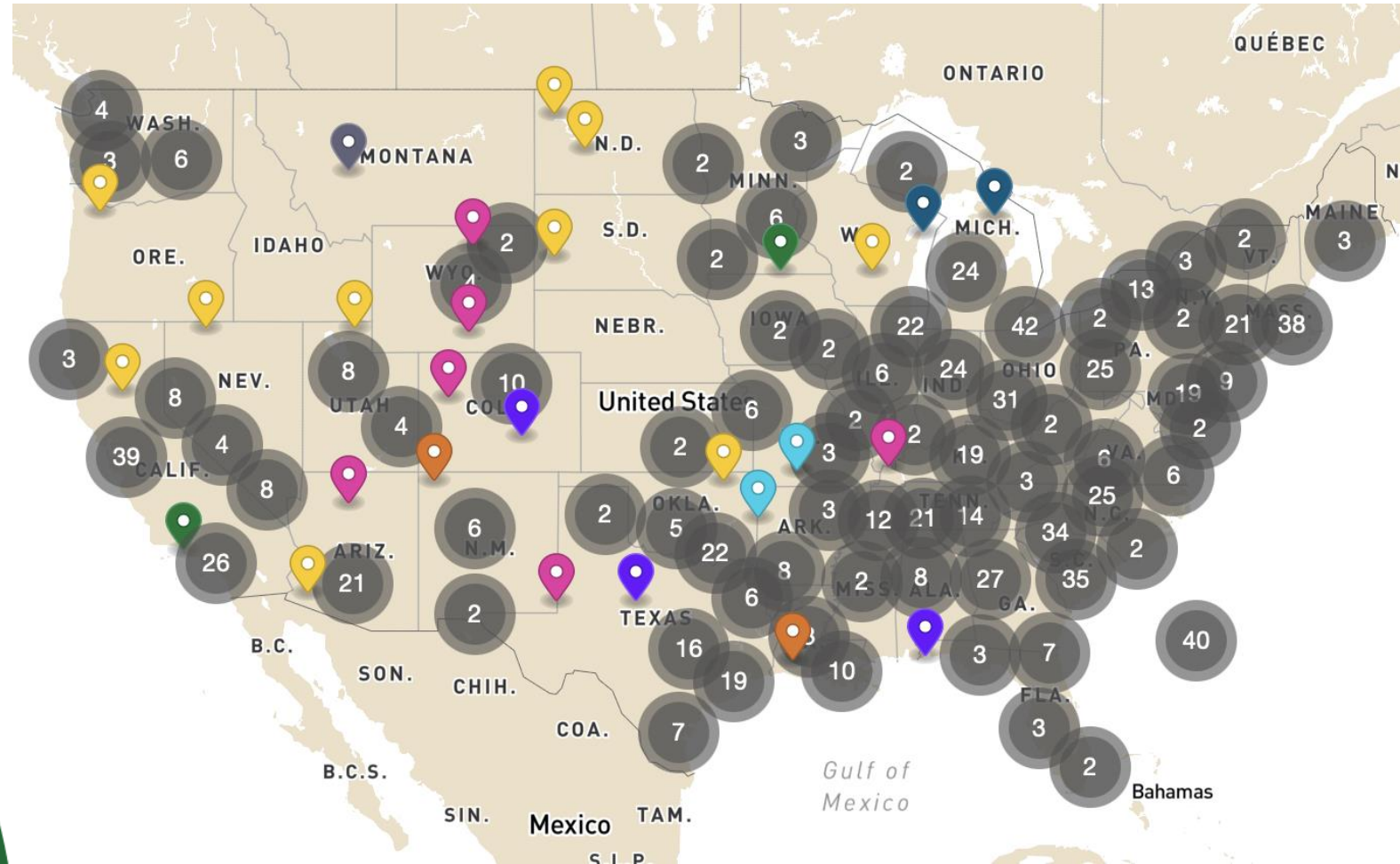
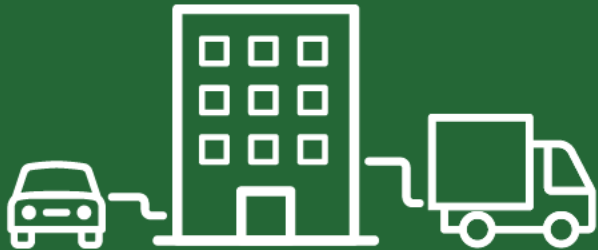


Inflation Reduction Act / 45X

The IRA provides significant funding for EV and EV battery manufacturing⁵. 80%+ of the clean industry jobs supported by the IRA are in Republican states.

The section 45X advanced manufacturing production credit⁶: \$35 US per kWh for battery cells

Question: If the Trump administration still supports EV and battery manufacturing but doesn't support EV adoption, where will the EVs built in the USA go?

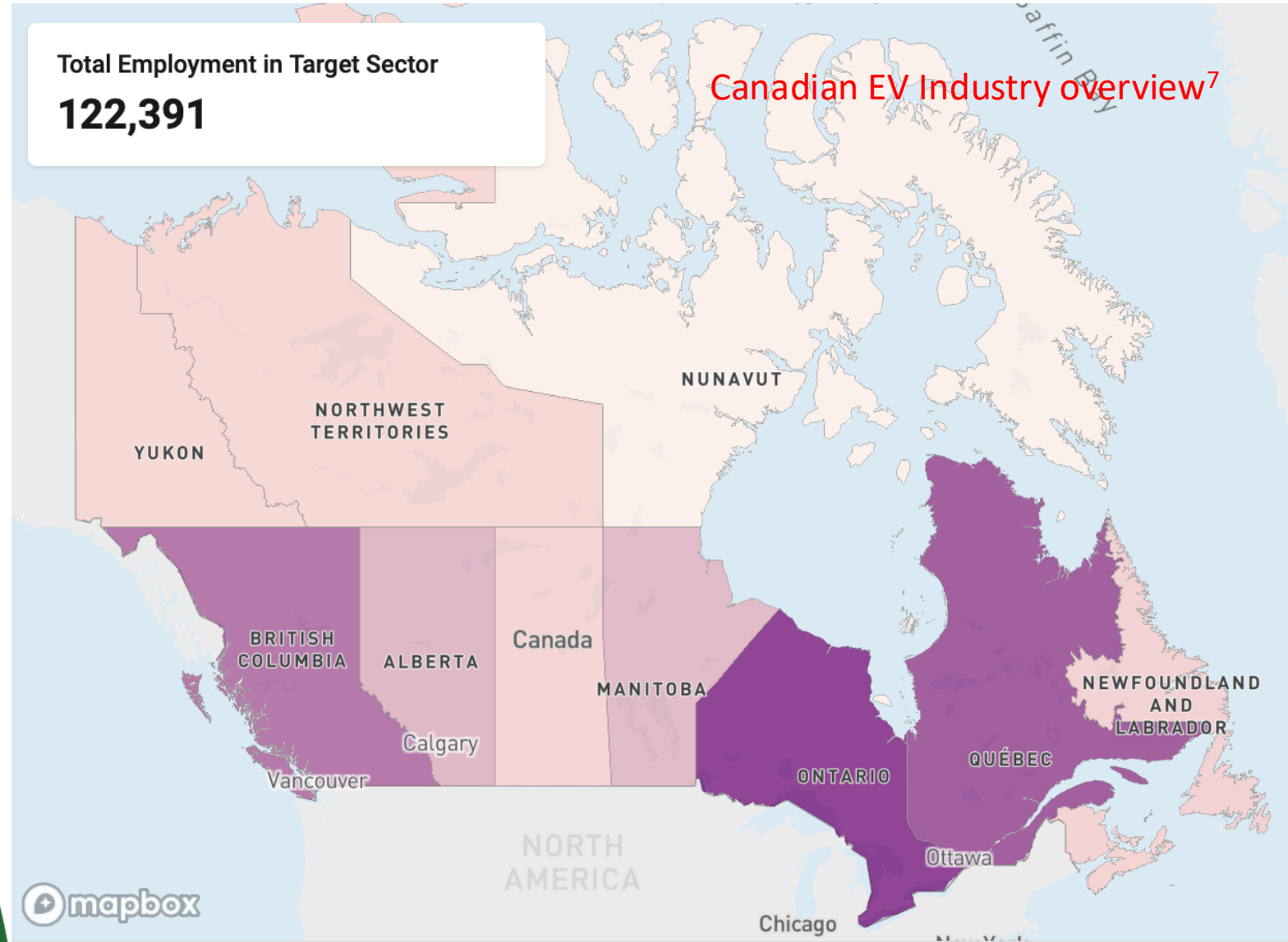
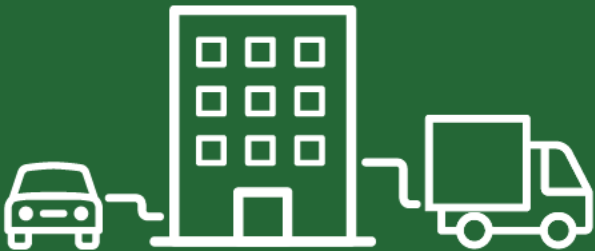


Inflation Reduction Act

Potential impact for Canada

If the 45X clause remains, this means that Canadian EV battery plants should keep its EV battery manufacturing incentives.

If it is rolled back, the Canadian government will most likely reduce or stop the EV battery manufacturing incentives altogether, which could have significant implications for the future of Canadian EV battery plants.

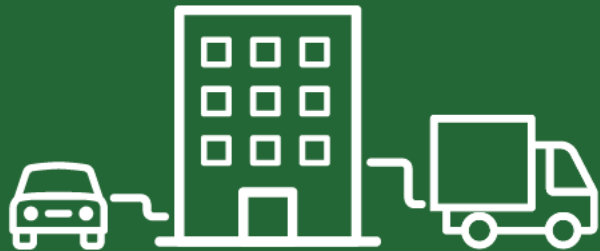


U.S. EPA regulation

Lee Zeldin, the new EPA administrator, will most likely roll back the latest US EPA regulation.

This could mean that EV adoption would slow down by 20 to 30% to a 35% to 40% EV adoption rate instead of approx. 50% by 2030. This still represents 3.5 to 4 times more EV sales by 2030 compared to Q3 2024.

EV sales won't be stopped as technology evolves at such a fast pace. Lagging OEMs will be facing significant headwinds sooner than later in the US and in the rest of the world.



New EPA standards for passenger vehicles will make the U.S. a leader in clean vehicle technology and manufacturing.

Consumer benefits include:

- ✓ Cleaner air and improved health
- ✓ Less \$ in fuel costs
- ✓ Less vehicle maintenance and lower repair costs

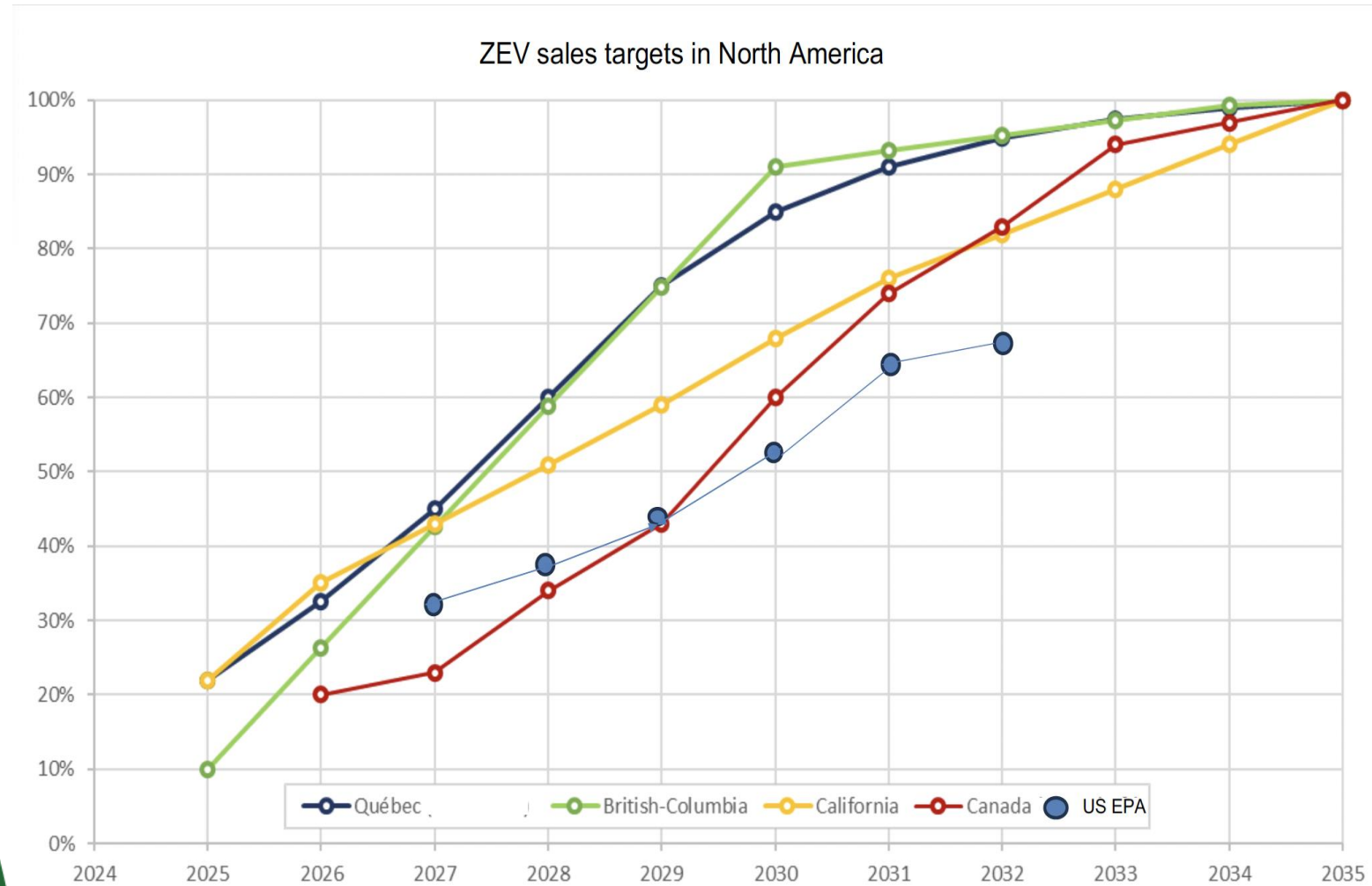
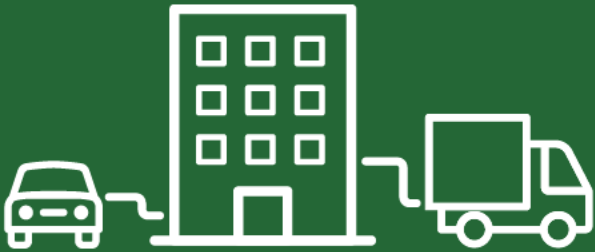


U.S. EPA regulation

Potential impact for Canada

If the US administration does roll back its EPA regulation, it may end up affecting Canadian EV sales downward as well, especially if a future Conservative government was to scrap the EV Availability Standard to align with the US EPA regulation.

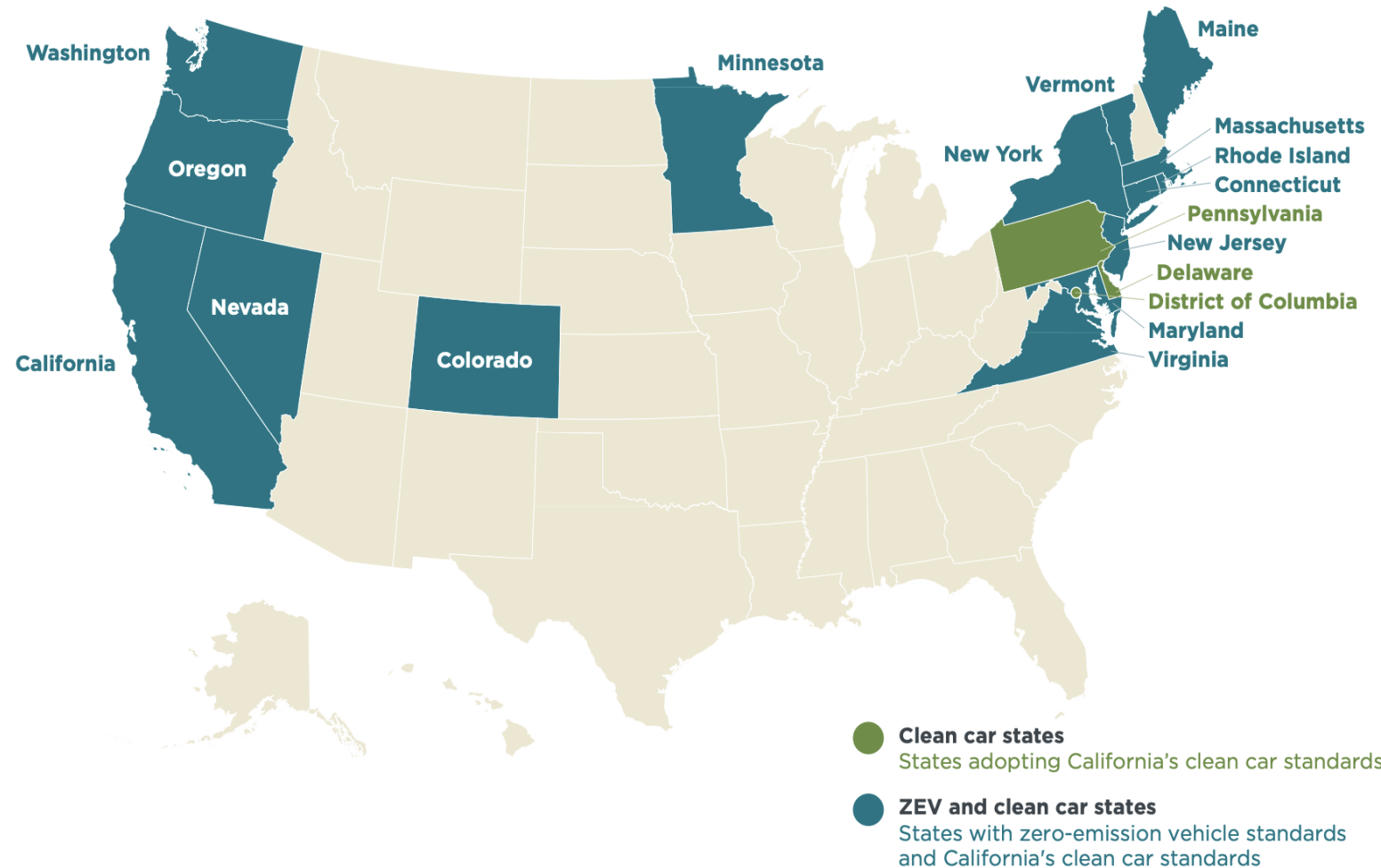
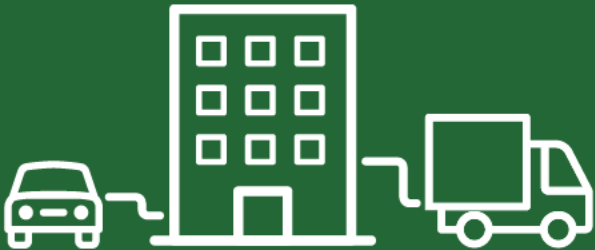
We still expect EV sales to keep growing in Canada, but at a slower pace. EV sales are currently growing faster than the 2026 target.



ZEV states

- 15 states⁸ (representing 36% of the US market) have adopted the California Zero Emission Vehicle Regulation
- 17 states + the district of Columbia, (representing 40% of the US market) have adopted the California Low Emission Vehicle Regulation

Trump's EPA is expected to deny or try to revoke all of the waivers that California is seeking to enforce its clean air standards.

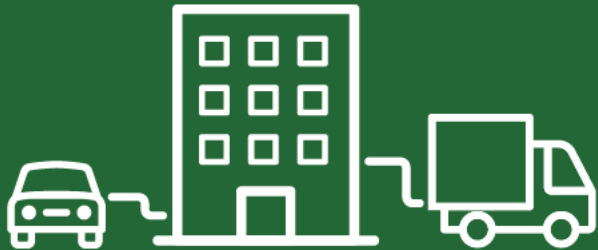


Gavin Newsom calls special session to 'Trump-proof' California - November 8, 2024⁹

California officials said they would vigorously defend their EV rules in court.

"We expect pushback from the Trump administration, so we'll see what he does and how he does it, and we will push back legally,"

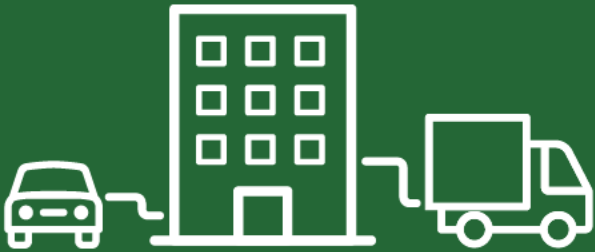
CARB has six decades of history on its side: "No waiver has ever been revoked and the one previous denial was quickly reversed" by the EPA, according to the California Air Resources Board.



ZEV states

In 2020, during the first Trump administration, car manufacturers such as BMW of North America (including Rolls Royce for purposes of the agreement), Ford, Honda, Volkswagen Group of America (including VW and Audi), Volvo and later Stellantis signed a voluntary agreement with California.¹⁰

The framework agreements are voluntary commitments that support continued annual reductions of vehicle greenhouse gas emissions through the 2026 model year.



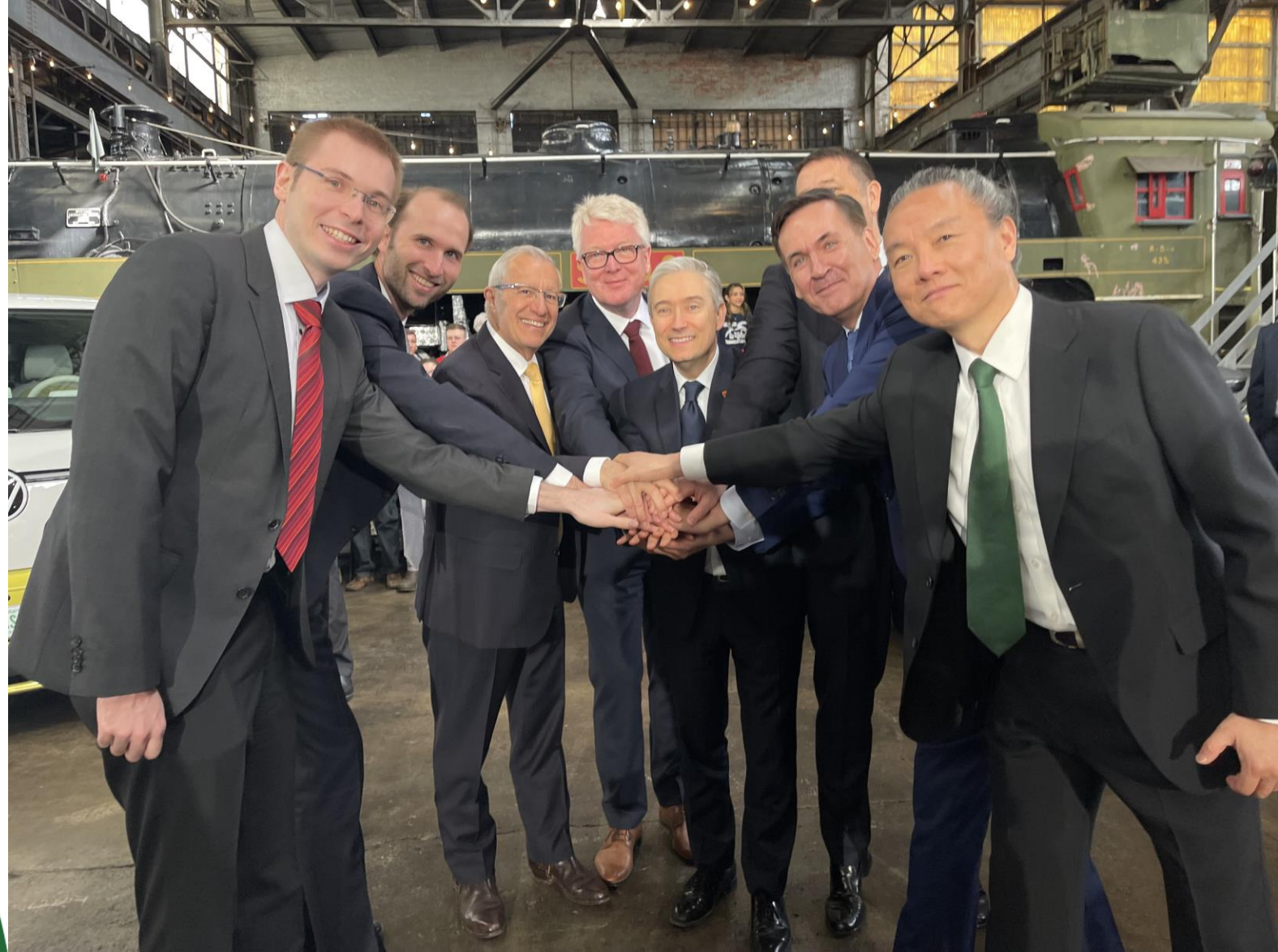
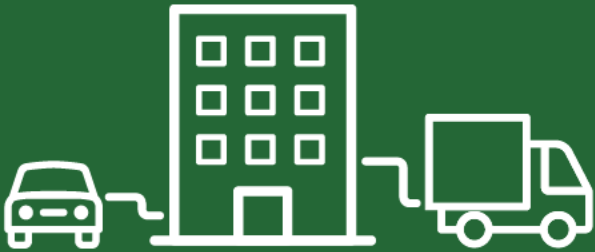
ZEV states

VW announcement in St-Thomas, April 2023

Potential impact for Canada

- There are 2 ZEV provinces in Canada representing 36% of the Canadian market: BC and Quebec. Given the recent BC election results a few weeks ago, we expect the BC ZEV mandate to hold in the coming years. Same goes for Quebec.

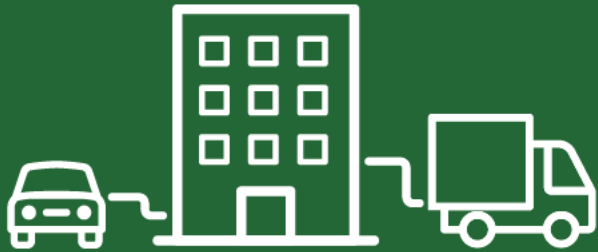
ZEV states and provinces markets are large enough (140 million people) to support the Canadian EV Industry moving forward.



Chinese EV and battery tariffs

We expect the Trump administration to keep the tariffs on Chinese EVs and batteries.

In August, Trump said he was open to Chinese and other automakers building vehicles in the United States¹¹. "We're going to give incentives, and if China and other countries want to come here and sell the cars, they're going to build plants here, and they're going to hire our workers "



Backlash against imported Japanese cars in the 70s

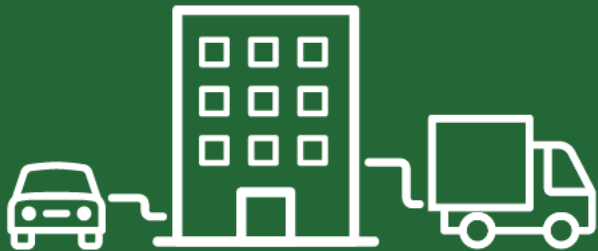


Chinese EV and battery tariffs

Potential implications for Canada

It's too early to tell BUT Canada has aligned with the US on Chinese EV tariffs.

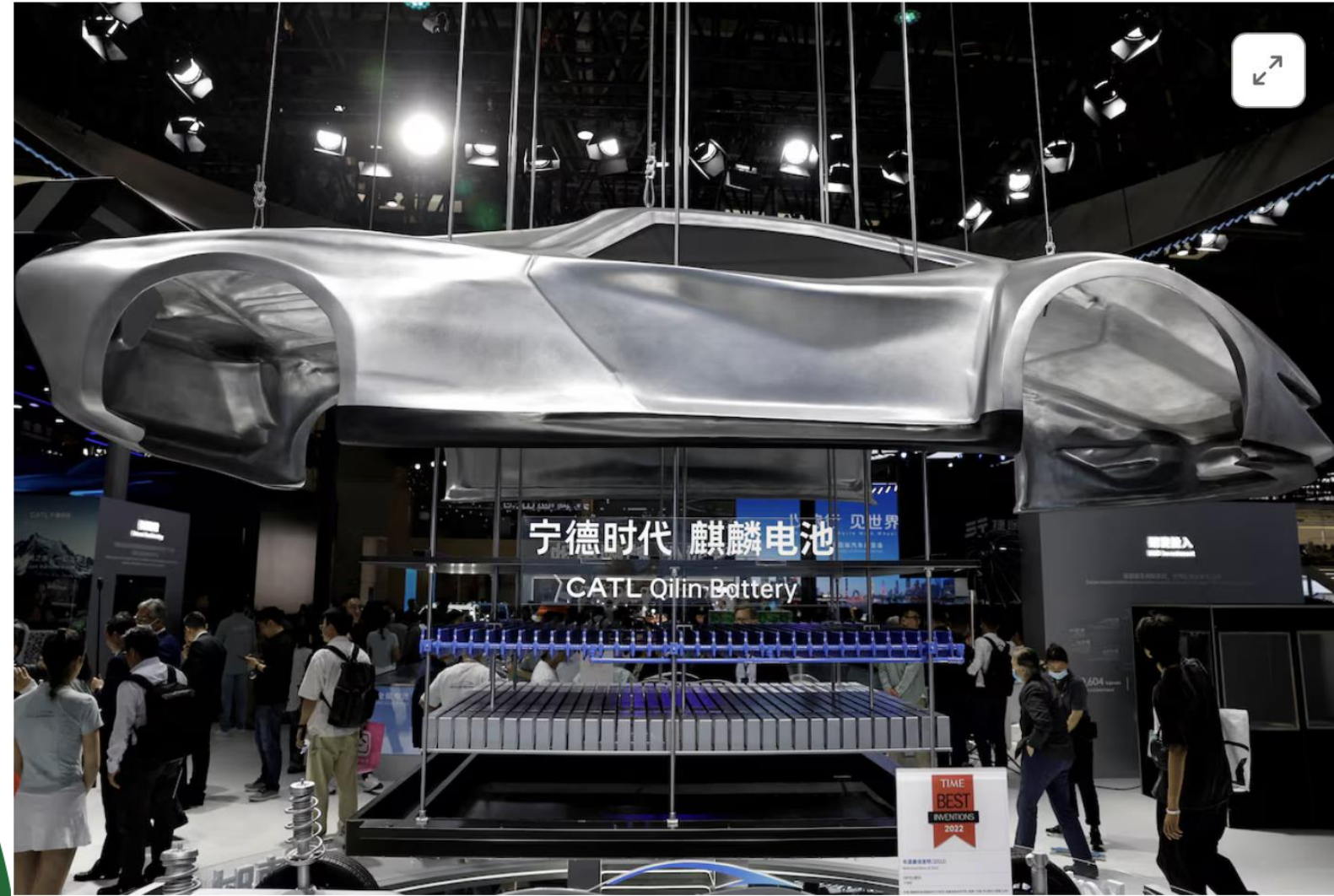
We are still waiting to see if Canada will align with the US on EV battery and critical mineral tariffs.



Exclusive: China battery giant CATL would build US plant if Trump allows it¹²

By Reuters

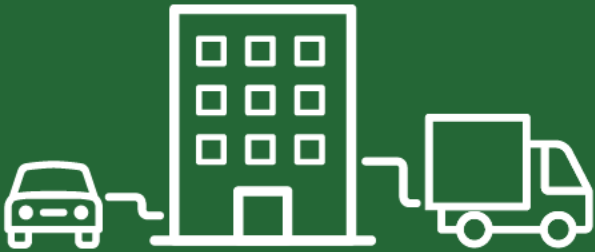
November 13, 2024 7:47 AM EST · Updated 2 days ago



USMCA negotiations

“Upon taking office, I will formally notify Mexico and Canada of my intention to invoke the six-year renegotiation provision of the USMCA that I put in,”¹³
– Donald Trump, Oct 14 2024

He has threatened to impose punitive tariffs of 100 percent or higher on cars from Mexico, which would violate a trade agreement his first administration negotiated with Canada and Mexico.

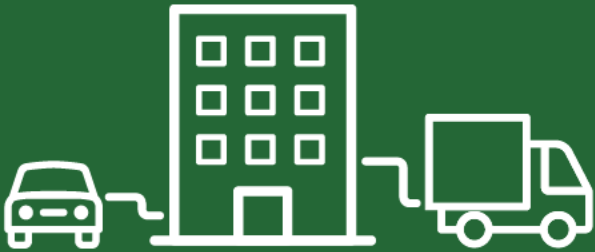


USMCA negotiations

Potential impact for Canada

It's too early to tell but Canada will have to negotiate to ensure that Canadian jobs and interests are protected.

A few days ago, Ontario Premier Doug Ford said that unless Mexico imposes the same tariffs on Chinese EVs and batteries, they should exit the free trade agreement.



S&P Global Mobility recently published a document on this issue¹⁴



S&P Global
Mobility

November 7, 2024

2024 US Election: A Republican White House emerges

What's next for the US auto industry?



Stephanie Brinley

Associate Director, AutoIntelligence,
S&P Global Mobility



Discussion

To ask a question, raise your hand or type your question in the chat.

Sources

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