

# Intelligence MEMOS



From: Jon Johnson  
To: Canadian Trade Watchers  
Date: February 23, 2022  
Re: **BUILD BACK BETTER BILL FACING STRONG OPPOSITION FROM SENATE REPUBLICANS**

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Earlier this year, I [reported](#) on European Union, Canadian and Mexican opposition to the Biden Administration's Build Back Better Bill because of its discriminatory subsidies to purchasers of electric vehicles.

Opposition has now been joined by all 14 Republican members of the Senate Finance Committee.

"The domestic and assembly provisions in the bill undermine America's trade interests," they wrote in a letter to their committee colleagues late last month.

International opposition to the Build Back Better bill is not simply confined to the EU, Canada and Mexico.

"No less than 25 Ambassadors have told Congress that those provisions violate US trade obligations. At a time when America should be rallying its allies to confront China on trade policy, such provisions are needlessly driving a wedge between the United States and our allies by promoting Chinese-style industrial policy."

The letter identifies real deficiencies in the Build Back Better bill.

"While some American consumers may prefer to continue buying the country's best-selling EV, the EV with the longest range, or perhaps the most affordable EV on the market, none of those vehicles is eligible for the full credit under the bill. Of the 50 EVs presently for sale in the United States, only two models of the same automaker's car are eligible for the full \$12,500 under the proposal."

This is consistent with the observation made by Valdis Dombrovskis, Executive Vice-President of the European Commission that the requirement in the bill that qualifying vehicles only be built in unionized plants excludes EV vehicles built in non-unionized plants in the US, such as those operated by Honda and Toyota.

Meanwhile on the other side of the aisle, Ohio Democratic Senator Sherrod Brown reacted to the strong Canadian opposition to the Build Back Better bill by stating: "So I don't really care what Canada thinks. I care about the effect on American workers."

This is a little strange given that the non-unionized workers in Honda and Toyota plants in the US are surely just as American as those working in unionized plants.

It seems to ignore the 13,000 Honda employees in Marysville, Ohio and the thousands of employees in Toyota plants in Tennessee, Kentucky, Missouri, Alabama, Texas, Mississippi and Alabama.

It is now becoming apparent that the Build Back Better bill has no chance passing without Republican support. At least 60 senators must support a bill for it to pass, which will require the bill receives substantial Republican support in order to become law.

While Senator Brown may not care what Canada thinks, he and his Democratic Senate colleagues now must seriously consider the trade concerns identified in the Republican senators' letter.

By extension, they must also start caring about the concerns raised by Canada and other US trading partners.

Canada has another opportunity here to highlight that what is good for the bilateral trading relationship, is also good for US workers and consumers, and for the environmental concerns shared by both countries.

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