

Jack Lifton of the Critical Minerals Institute on what's wrong with the Inflation Reduction Act

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In this video, Critical Minerals Institute's (CMI) Executive Chairman Jack Lifton talks about what's really behind the Inflation Reduction Act of 2022 and how it will affect the electric vehicle market.

In the video, which can also be viewed in full on the InvestorIntel YouTube channel ([click here to access InvestorChannel.com](https://www.investorintel.com)), Jack Lifton points out that the sections of the Inflation Reduction Act that are supposedly intended to promote the sale of EVs are, in fact, political theater to make party loyalists think that the government is taking action on the climate and the domestic economy. The way it's written, the Inflation Reduction Act of 2022 doesn't really subsidize the cost for a buyer of an EV. The key problems for vehicles made and sold into the US market by OEMs, says Lifton, are the strict and escalating rules about the percentage sourcing of domestically made parts and materials. This, along with a requirement that only vehicles assembled by unionized labor qualify, reduces the number of EVs offered into US market that qualify to under 20% of those now sold here.

The main problem, according to Jack, is that all EVs sold or made in the USA today use some components made in China or made from materials processed in China. If the components and materials they are made from exceed 40% of the total cost, then the vehicle does not qualify for the tax credit. By 2026 that

figure goes down to 20% of the of the total cost of components and materials, and in 2030 it will be zero.

With the EV sector heavily reliant on foreign components, it will be difficult for manufacturers to qualify and pass any savings on to consumers. American manufacturers, their parts, and their raw material suppliers are far behind in producing a domestically sourced EV. The question is, can they catch up in time to do any good for the climate?

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About The Critical Minerals Institute

The **CMI** is an international organization for critical mineral companies and professionals focused on battery and technology materials, defense metals, and ESG technologies in the EV market. Offering listings for experts and companies that offer a wide range of B2B service solutions, the Critical Minerals Institute hosts both online and in-person events designed for education, collaboration, and provides professional and human capital opportunities around critical mineral and EV supply chain challenges.