

## The World After Trump's Reelection ( 1 )

### The Fate of Climate Policies Under the Inflation Reduction Act

---

Marubeni America Corporation Washington Office  
Research Manager (Macroeconomics, Trade, and Industry) Kensuke Abe  
[abe-k @ marubeni.com](mailto:abe-k@marubeni.com)

- Former President Trump's official platform, "Agenda 47," has fiercely criticized electric vehicles (EVs) as being "people don't want the electric car" and "All those cars are going to be made in China." While carbon capture and hydrogen utilization, which hinder the competitive pricing of fossil fuels, are also viewed negatively, nuclear power is actively supported.
  - The Inflation Control Act (IRA) was frowned upon by Republicans during its passage, and some Republican members still holding grudges. Looking at the bills being proposed by Republican members in the current session, if the Republicans control both the Congress and the administration, the IRA's tax credit program for EVs and renewable energy could be subject to repeal or modification, while carbon capture and hydrogen may be relatively less targeted.
  - Among Republicans whose constituencies have benefited from the IRA, it is evident that they hold a nuanced approach to judgment. However, hardline Republicans, classified as so-called "Trumpers," remain strongly opposed to the IRA despite the apparent benefits. Within the Republican Party, there are also caucuses that are actively engaged in addressing climate change, and the actions of the members belonging to these caucuses should be closely observed in the future.
  - The extension of tax cuts set to expire at the end of 2025 is the most pressing issue for the upcoming Congress, with discussions centered around reducing expenditures through the IRA as a possible funding source. The manner in which the tax cuts are extended, and the extent of potential IRA reductions are likely to be influenced by the balance of power in Congress. Additionally, revisions to federal regulations could effectively alter the IRA's implementation.
  - We must continue to pay close attention to the movements of key people who will form "IRA 2.0."
- 

In the 2024 United States presidential election, there is an equal possibility, according to opinion polls and other sources, of either the current Democratic President Biden or the former Republican President Trump winning re-election. There is no need to exaggerate the possibility of Mr. Trump's re-election beyond what is warranted. However, if President Biden is re-elected, the current policies will basically continue, so it is easy to predict, whereas if former President Trump is re-elected, his policies will be unconventional and uncertain, as was seen during his first term. It is difficult to predict the situation due to the high nature of

the situation. That's why it's important to conduct a thorough analysis now and understand what risks there are. In the future, I would like to conduct such analysis as the series "The World after Trump's reelection." As the first episode, we will look at the Trump campaign's promises, and then focus on climate change policies—an area where a Trump administration would likely diverge significantly from the Biden administration. Specifically, we will examine the potential degree of modifications to the Inflation Reduction Act (IRA), a crucial achievement of the Biden administration, if former President Trump were to regain office. By scrutinizing Trump's proposed platform and assessing the likelihood of IRA amendments under a Trump presidency, we can better understand the future prospects for climate action and related policies. This analysis will contribute to a more informed discourse surrounding the 2024 presidential election.

## 1. "Agenda 47"

### (1) Trump's pledges that undercut the Biden administration

The Trump administration launched a series of videos titled "Agenda 47" on their official website between late 2022 and late 2023, outlining a set of policy goals should Donald Trump win a second term as president (Figure 1). The name "Agenda 47" is derived from the possibility that Mr. Trump would become the 47th President if re-elected in this year's presidential election. While there is significant overlap in content, it also consists of 47 agenda items<sup>1</sup>, as depicted in Figure 1. These include the idea of universal baseline tariffs on foreign products, which Mr. Trump later cited as an example of a tax rate of "10%," and the idea of repealing China's most-favored-nation status. Regarding the war in Ukraine, he also boasted that "the war can be ended within 24 hours."

On the other hand, the Biden administration and left-leaning policy makers are being downplayed in every aspect of the agenda, with conspiracy theories such as "Joe Biden Has Been a Disaster for the Economy" and "eliminating globalists to prevent World War III". Of course, I do not believe that all of these agendas are realistic, nor do I think that even if the Trump administration were to receive a second term, it would necessarily focus on fulfilling these promises. However, apart from his radical rhetoric, **one can view "Agenda 47" as a collection of promises through which Mr. Trump is appealing to his supporters to vote for him again. Supporters resonate with these claims because they encapsulate the essence of what they believe in and what they expect from his second presidency.** A conservative close to the Trump campaign said at a private event, "If you want to understand

---

<sup>1</sup> Although only 46 items are listed on the homepage, there are separate [pages for](#) the 16 agendas shown in Figure 1.

Trump 2.0's policies, I recommend reading what Trump said at the rally and the 'Agenda 47' he announced."

Figure 1: List of Agenda 47

	release date	classification	Agenda name
1	2022/12/15	society	President Donald J. Trump — Free Speech Policy Initiative
2	12/21	immigration	Total Ban on Taxpayer Dollars Used to Free Illegal Aliens and Criminal Penalties for Administrative Noncompliance
3	2023/1/11	society	President Donald J. Trump Calls for Probe into Intelligence Community’s Role in Online Censorship
4	1/18	diplomacy	President Trump Will Stop China From Owning America
5	1/20	society	We Must Protect Medicare and Social Security
6	1/26	education	President Trump’s Plan to Save American Education and Give Power Back to Parents
7	2/1	society	President Trump’s Plan to Protect Children from Left-Wing Gender Insanity
8	2/1	diplomacy	President Trump Calls for Immediate De-escalation and Peace
9	2/2	defense	President Trump Will Build a New Missile Defense Shield
10	2/3	diplomacy	Stopping Chinese Espionage
11	2/9	energy	President Trump on Making America Energy Independent Again
12	2/20	society	President Trump Announces Plan to End Crime and Restore Law and Order
13	2/22	government organization	President Trump Announces Plan to Stop the America Last Warmongers and Globalists
14	2/25	government organization	President Trump Continues to Lead on Protecting Americans from Radical Leftist ESG Investments
15	2/27	trade	President Trump’s New Trade Plan to Protect American Workers
16	2/27	trade	President Trump Announces America First Trade Platform for Second Term That Takes Sledgehammer to Globalism
17	2/28	trade	Reclaiming America’s Independence by Slashing Biden’s Disastrous Trade Deficits
18	3/2	government organization	Reversing Biden’s EO Embedding Marxism in the Federal Government
19	3/3	society	A New Quantum Leap to Revolutionize the American Standard of Living
20	3/16	diplomacy	Preventing World War III
21	3/17	economy	Joe Biden Has Been a Disaster for the Economy
22	3/20	society	Ending Biden’s War on the Suburbs That Pushes the American Dream Further From Reach
23	3/21	government organization	President Trump’s Plan to Dismantle the Deep State and Return Power to the American People
24	4/13	government organization	Firing the Radical Marxist Prosecutors Destroying America
25	4/16	government organization	Liberating America from Biden’s Regulatory Onslaught
26	4/18	society	Ending the Nightmare of the Homeless, Drug Addicts, and Dangerously Deranged
27	5/2	education	Protecting Students from the Radical Left and Marxist Maniacs Infecting Educational Institutions
28	5/30	immigration	Day One Executive Order Ending Citizenship for Children of Illegals and Outlawing Birth Tourism
29	5/31	others	Celebration Of 250 Years Of American Independence at the Iowa State Fairgrounds
30	6/6	society	Ending the Scourge of Drug Addiction in America
31	6/6	medical care	Addressing Rise of Chronic Childhood Illnesses
32	6/20	government organization	Using Impoundment to Cut Waste, Stop Inflation, and Crush the Deep State
33	6/21	trade	Cementing Fair and Reciprocal Trade with the Trump Reciprocal Trade Act
34	6/23	medical care	Protecting Americans by Taking on Big Pharma and Ending Global Freeloading

35	7/17	education	Protecting Students from the Radical Left and Marxist Maniacs Infecting Educational Institutions
36	7/18	defense	Rebuilding America's Depleted Military
37	7/20	Commerce/Industry	Rescuing America's Auto Industry from Joe Biden's Disastrous Job-Killing Policies
38	7/21	society	President Trump Calls for Death Penalty for Human Traffickers
39	7/24	medical care	Returning Production of Essential Medicines Back to America and Ending Biden's Pharmaceutical Shortages
40	9/7	energy	America Must Have the #1 Lowest Cost Energy and Electricity on Earth
41	9/1	education	President Trump's Ten principles For Great Schools Leading To Great Jobs
42	9/14	education	President Trump's Pledge to Homeschool Families
43	10/23	Commerce/Industry	President Trump's Message to America's Auto Workers
44	11/1	education	The American Academy
45	11/1	immigration	No Welfare for Illegal Aliens
46	11/1	society	Ending Veteran Homelessness in America
47	12/22	immigration	President Donald J. Trump Declares War on Cartels

Source: [the official Trump campaign website](https://www.trumpcampaign.com)

(2) Mr. Trump waging a culture war

Based on my analysis, the "Agenda 47" includes 11 items related to "**society**" making it the most numerous categories. This agenda covers a wide range of social issues, from crime, homelessness, and drug addiction to normative issues like gender and freedom of speech. By addressing these everyday concerns, which are often seen as the Democrats' weaknesses, Trump's campaign can create a negative perception that these problems will escalate further under a Democratic administration, potentially contributing to the worsening of public safety and homelessness.

The next most common category is "**government organizations.**" Specifically, Trump believes that his "America First" agenda was thwarted by the bureaucracy during his first term. The argument is to exclude internationalist/interventionist policy makers who are said to have a tendency to intervene in conflicts around the world. The idea that a certain establishment has controlled successive administrations, including the Biden administration, and manipulated American politics based on their own interests, resonates surprisingly well, especially among voters in rural area. Indeed, the dissatisfaction that politics is controlled by a few politicians and bureaucrats exists in all countries, and it is especially deep-rooted in the United States, where economic disparities and resulting political disparities are large.

The third most common category is "education." Similar to the above, in recent years there has been an increasing number of calls in conservative regions that the right to decide what children are taught should be returned to parents, rather than to local government boards of education. The background to this is that as the liberal ideas such as gender diversity and racial issues come into focus, the conflict between the progressive who advocate that these

ideas should be taught in school education, and the conservatives who oppose that idea is becoming more acute. Liberal books have been banned in some schools and regions, with [3,362 cases](#) known to have been banned in fiscal 2023 (July 2022 to June 2023) alone.

In addition to the above-mentioned "Society," "Government Organization," and "Education," "immigration issue" which has only four items in Agenda 47 though, are related to many social issues, and the conflict involving these issues called "**Cultural War**". They normally are difficult to measure based on economic interests or logic but strike a chord with voters. By bringing these issues to the fore, Mr. Trump is turning this election from a battle over the pros and cons of traditional issues such as the economy and jobs to a culture war in which it is easy to attack the Democratic Party and the Biden administration.

(3) Many Americans don't want electric vehicles (EVs)? All EVs are made in China!?

Next, there are many agendas such as trade, diplomacy, industry, and energy. Compared to the above-mentioned issues, the cultural warfare aspect is somewhat weaker, but it is not a commitment to conduct straightforward policy discussions with the Biden administration. It's a very simple claim that attacks the Biden administration's policies as "**evil**". **It is as easy to penetrate voters as cultural war.** For example, in trade, they view the trade deficit with China as the root of all evil, and in diplomacy, they criticize that interventionists are causing war, and that by eliminating them, peace can be established immediately.

Regarding climate change and energy, which this report focuses on, in [Agenda 5](#) , the Biden administration's "**EV mandate** <sup>2</sup>" **imposes unwanted EVs on many Americans and, since all EVs are made in China, it will take away employment from the United States.** Regarding climate change, in [Agenda 8 , he declared](#) , "**On my first day in office, I will repeal the Biden administration's deindustrializing, pro-China, and anti-American electricity rules,**" and "**withdraw from the Paris Agreement again**". He argues that the United States should have the lowest-cost energy and electricity in the world, and he said,

---

<sup>2</sup> After the Biden administration took office, the administration set a goal of increasing the proportion of EVs in new car sales to 50% by 2030, but this goal is not legally binding. On the other hand, the federal greenhouse gas (GHG) emissions standards drafted by the Environmental Protection Agency (EPA) in April 2023 originally require the EV ratio to be 60% for 2030 models and 67% for 2032 models. However, EPA loosen the rule in finalization and the required EV ratio is 35% by 2032. In addition, the draft average fuel efficiency standards for each company announced by the National Highway Traffic Safety Administration (NHTSA) in July of the same year set the average standard for the 2032 model at 57.8 miles per gallon (24.3 km per liter), and the average standard for the 2023 model year is 57.8 miles per gallon (24.3 km per liter). This would require a 57% improvement over the expected achievement standard for 2019 (36.7 miles).

"**Drill, baby, drill,**" a slogan used by Republicans during the 2008 presidential election to promote fossil fuel production. The idea is to greatly promote fossil fuel production in the United States. Regarding renewable energy, he attacks subsidies for wind power generation and energy conservation-related regulations made by the Department of Energy and EPA. Carbon capture and storage (CCS) technology and the use of hydrogen are also criticized, saying they will increase energy costs. On the other hand, he thinks nuclear power is a cheap source of electricity, and calls for extending the operation of existing nuclear power plants, promoting domestic fuel procurement, has shown support for the next-generation nuclear reactor development, etc. Compared to other agendas, which include Mr. Trump's video transcript and some supplementary explanations, the supplementary explanation part of Agenda 8 is larger and more detailed than the video transcript. Although much of it is devoted to the achievements of Trump's first term and criticism of the Biden administration, it reveals how the Trump campaign is trying to change the Biden administration's climate change policies.

## **2. What will happen to the IRA in a Republican-controlled Congress?**

(1) Republican Party "schemed" by Democratic Party

If Mr. Trump, who has the above-mentioned views on climate change, is re-elected and the Republican Party gains a majority in both the House and Senate in the federal election, creating the so-called "**trifecta**" of the Republican Party, **what will happen to IRA other climate change-related laws in Congress.** As of now, there is a slight possibility that the Republicans will regain the majority in the Senate, but they are evenly matched in the House of Representatives.

First, let us consider the possibility that the IRA will be repealed or partially amended as a law by a Republican Congress. Republicans and conservative politicians are opposed to the IRA not just because they are skeptical about climate change or because they want to support the fossil fuel industry. **Some Republican members of Congress hold grudges, saying they were plotted by Democrats during the passage of the bill.** In the first place, the IRA is involved in the Biden administration's \$3.5 trillion "Build Back Better (BBB)" plan, which not only moderate Republicans but also moderate Democratic like Sen. Joe Manchin were reluctant to support. Still, the IRA was introduced in September 2021 using a special legislative process called Budget reconciliation measure and could be passed with a majority of fifty votes in the Senate (at the time, the Senate had 50 Democratic and 50 Republican seats). Since Sen. Manchin had opposed the bill, it was thought that it would be difficult to

pass the bill. As for the rest of the BBB plan, the infrastructure portion was passed as the Bipartisan Infrastructure Bill (BIL) in November 2021 with support from moderate Republicans. The CHIPS science bill, which includes support for semiconductors, also received support from moderate Republicans and passed the Senate on July 28, 2022, with 64 votes in favor and 33 votes against. Because these two bills were passed through the regular legislative process, they required 60 votes in the Senate, making Republican support essential. Republican Senate leader Mitch McConnell said before the voting, “Let me be perfectly clear: there will be no bipartisan USICA (the predecessor of the CHIPS Science Act) as long as Democrats are pursuing a partisan reconciliation bill (IRA).” [he tweeted](#) . Moderate Republican senators, including Sen. McConnell, supported the more moderate BIL and CHIPS science bills, arguing that the left-leaning IRA bill was unlikely to pass.

But just hours after the CHIPS science bill passed the Senate, Senate Democratic leader Chuck Schumer and Sen. Manchin announced they had agreed to the terms of the IRA bill. After that, the bill **was passed with no votes of support from Republicans in either the House or the Senate. For the Republican Party, it appeared that only the good points were taken by the Democrats , and** Majority Leader McConnell had his face destroyed, and the former No. 2 Republican senator, John Cornyn (who voted against IIJA, but for CHIPS Science Act) said “Senators Manchin and Schumer did not draft this 725-page bill in the four hours between the passage of the CHIPS Act and Senator Manchin’s press release,” Cornyn said. “They’ve been working on this the entire time when they told us it was off the table.” “How can we negotiate in good faith, compromise where necessary, and get things done together after the majority leader and the Senator from West Virginia pull a stunt like this?.” Some members of the Republican Party remember the resentment they felt at the time of the IRA's passage, and many believe that if the Republicans regain control of the House and Senate, they will use similar Budget reconciliation measure to pass partisan legislation.

## (2) IRA repeal/amendment bills submitted in the current session

With Democrats in control of the White House and the Senate in the current session, there is no chance that the IRA repeal/amendment bill will pass. Despite this, Republican lawmakers have already introduced a number of bills to eliminate or amend the IRA, or even to prohibit funding for new programs created by the IRA (see figure 2). Most of these bills are just introduced and don't move forward to debate, but they at least **give us an idea of how current Republican lawmakers are trying to change the IRA.**

Figure 2: IRA Repeal/Amendment Bills Submitted by Republican members

	Sponsor	EV	renewable energy	energy saving	clean fuel	hydrogen	clean manufacturing	CCS
<a href="#">Protecting American Advanced Manufacturing Act</a>	Marco Rubio		amendment					
<a href="#">Putting American Autoworkers First Act</a>	Marco Rubio	amendment						
<a href="#">No EV Credits for Idle Allies Act</a>	Tim Scott	amendment						
<a href="#">End Taxpayer Subsidies for Electric Vehicles Act</a>	Rand Paul	repeal						
<a href="#">Drive American Act</a>	JD Vance	repeal						
<a href="#">Department of State Appropriations Act (passed by the House of Representatives)</a>	Mario Diaz-Brito			repeal				
<a href="#">Energy &amp; Water Development Appropriations Act (passed by the House of Representatives)</a>	Chuck Fleishman			repeal				
<a href="#">Build It in America Act</a>	Jason Smith	Amendment + repeal	repeal					
<a href="#">To repeal the High-Efficiency Electric Home Rebate Program</a>	Bill Johnson			repeal				
<a href="#">Homeowner Energy Freedom Act</a>	Cathy McMorris-Rogers			repeal				
<a href="#">Restoring Vehicle Market Freedom Act</a>	Scott Perry	repeal		repeal				
<a href="#">Restoring Fuel Market Freedom Act</a>	Scott Perry				repeal			
<a href="#">Limit, Save, Grow Act (passed by the House of Representatives)</a>	Jody Arrington	Amendment + repeal	repeal	amendment	repeal	repeal	repeal	
<a href="#">FREE American Energy Act</a>	Rick Scott	repeal						
<a href="#">Restoring Energy Market Freedom Act</a>	Scott Perry		repeal	amendment		repeal	repeal	repeal
<a href="#">Inflation Reduction Act of 2023</a>	Andrew Ogles	repeal	repeal	repeal	repeal	repeal	repeal	repeal

Source: Created by the Washington Office from the official website of the Congress. This is not an exhaustive list of bills related to IRA amendments.

As shown in Figure 2, many of these bills include repeal/modification of tax credit programs for EVs and renewable energy. Regarding the EV tax credit, Sen. Marco Rubio, one of the leading members of the Senate, has proposed exempting clean vehicles manufactured by companies owned by hostile countries such as China, and Sen. J.D. Vance, who is said to be close to former President Trump, and Congressman Scott Perry, who until recently served as chairman of the far-right Freedom Caucus, which controls the casting boat within the



Republican Party, are calling for its complete repeal. Among them, the **Build It in America bill**<sup>3</sup> introduced by House Ways and Means Committee Chairman Jason Smith and passed by that committee maintains the maximum tax deduction of \$ 7,500 per vehicle but changes the method for calculating the deduction. It is based on the battery capacity. Regarding the requirements for critical minerals used in batteries, **the required ratio will immediately move to the level required under current law from 2027, with 80% of the minerals being mined or refined in the US or in countries that are signatories to the Free Trade Agreement (FTA)**. The definition of an FTA is clarified as “an international agreement approved by Congress that eliminates duties and other restrictive regulations of commerce on substantially all the trade between the United States and one or more other countries “. In other words, the idea is that **the U.S.-Japan Critical Minerals Agreement that has not been approved by Congress will not be recognized as an FTA**. Other amendments include eliminating North American assembly requirements while excluding second-hand transactions and commercial lease transactions. In the House of Representatives, the Ways and Means Committee has the greatest influence on the process of a budget reconciliation measure. In other words, **if the IRA revision and the extension of the 2017 tax cut measure, which will be described later, are discussed in the new Republican-dominated session as part of the budget reconciliation bill, Rep. Smith who is likely to be re-elected in 2024 and continue to serve as the chairman of the committee, would have significant influence on the reconciliation bill**. In that case, elements of the Build It in America bill are expected to be included.

As with EVs, tax deductions for renewable energy and energy conservation have been proposed to be repealed/amended in many bills, and regarding energy conservation, some bills include language that disallows funding for program implementation created by IRA. In other words, there is a possibility that the content targeted by the Republicans may be substantially repealed or amended during budget negotiations, so caution is needed.

On the other hand, there are relatively few bills calling for the repeal/amendment of support measures for clean fuels, hydrogen, clean manufacturing, and CCS. In addition to supporting the use of fossil fuels, unlike EV tax credits for individuals, tax credits and support for projects are easier to understand in terms of how much investment and employment

---

<sup>3</sup> Among the Limit, Save, Growth bill introduced by House Republicans in April 2023, which includes raising the debt ceiling and abolishing IRA-related tax credits, amends /eliminates the EV and renewable energy tax credit programs for IRAs. A bill submitted by Rep. Smith as part of tax reform, which includes investment promotion incentives and provisions restricting the purchase of U.S. farmland by companies from countries of concern.

they create within the constituency, as detailed below, it is difficult for members of the Congress to actively push back.

(3) Are Republicans asking for its abolition even though they are receiving benefits?  
 ~Republican lawmakers struggle between candy apples and toads.

A question that comes up a lot recently in Washington DC is, "The IRA's benefits have reached even Republican-majority areas. Will the Republicans repeal/amend the IRA anyway?" According to White House statistics (as of February 2024), **among the top 10 states that received the most federal funds from the IRA, Tennessee, Idaho, Texas, and North Carolina were states that Trump won in 2020 (Figure 3).**

Figure 3: IRA funds received by state

(states won by Trump in 2020 are colored beige, states won by Biden are colored blue)

	State name	Amount (millions of dollars)
1	California	1,249
2	Tennessee	550
3	Arizona	501
4	Illinois	371
5	New York	359
6	Colorado	357
7	Idaho	236
8	Texas	203
9	North Carolina	164
10	Washington	156

Source: From the White House "[Investing in America](#)" page (accessed March 8, 2024), prepared by the Washington Office.

Additionally, according to one [analysis](#)<sup>4</sup>, about 70% of the private investment in related fields announced after the enactment of the IRA have been **to areas where Trump won in 2020. In April 2023, CNN listed 26 House Republicans who supported a bill aimed at raising the debt ceiling and partially repealing the IRA, while whose districts announced major investments after the IRA was enacted. Similarly, the League of Conservation Voters , an environmental group, cited 12 Republican House members as "[hypocritical](#)" and Climate**

<sup>4</sup> A tracking page run by Jack Conness, a member of the private analysis company Energy Innovation.

Power said more than half of the projects initiated by the IRA are in 72 [House districts where Republicans hold seats](#). President Biden has mocked Republicans in the past, saying he was happy to invest in the Republican district despite their unanimous opposition to the IRA, and in his State of the Union [address](#) on March 7. The President said to the Republican members “by the way, I noticed some of you who’ve strongly voted against it are there cheering on that money coming in. And I like it. I’m with you. I’m with you. And if any of you don’t want that money in your district, just let me know.” So, what stance do these Republican politicians take toward the IRA?

Figure 4 summarizes the stances of the main Republican members from the districts where IRA funds and investments are concentrated. For example, Senator Bill Hagerty from Tennessee, a state that attracts a lot of federal funds as well as private investment in the auto industry, and who served as the U.S. ambassador to Japan under the Trump administration, criticized that immediately after the IRA was enacted, the law would push up inflation. However, he has not made any notable criticisms of the IRA since then. In April 2023, the lawmaker submitted a bill that would exempt EVs equipped with batteries manufactured in Germany and France from being subject to the IRA in order to pressure the two countries, which are providing less aid to Ukraine than the United States then, to increase their aid. It was only positioned as a diplomatic card, and its main purpose was not to correct the IRA. Similarly, Senator Lindsey Graham, Representative Joe Wilson, and Representative Ralph Norman from North Carolina, which attracts investment in the automobile industry, **harshly criticized the IRA immediately after its enactment. However, there has been no notable criticism since the investment plans were announced.** Rep. Mike Carey of Ohio has introduced an IRA amendment bill that would favor fossil fuel extraction but wouldn’t affect the tax credit program which contributes to the battery projects announced in his district.

Figure 4: Republican lawmakers with large-scale clean energy projects in the districts

state	Member name	electoral district	Main projects (investment amount)	Stance and statements regarding IRA
Tennessee	Bill Hagerty	Senator		Germany and France, which support Ukraine less than the US then, are excluded from EV tax credits, criticizing rising inflation due to IRAs
	Mark Green	7 <sup>th</sup>	Investment in battery parts factory by LG Chem (\$3.2 billion)	Criticism of support for US battery companies with strong ties to China (Department of Energy subsequently canceled support)
Ohio	JD Vance	Senator		Submit bill to repeal EV tax deduction
	Mike Carey	15 <sup>th</sup>	Battery factory by Honda/LG (\$3.5 billion)	Bipartisan IRA reform proposed to make fossil fuel extraction costs tax deductible
South Carolina	Lindsay Graham	Senator		Initially criticized the IRA but has not made any critical statements since then.
	Joe Wilson	2 <sup>nd</sup>	New BMW EV factory established (\$2 billion)	Initially criticized the IRA but has not made any critical statements since then.

	Ralph Norman	5 <sup>th</sup>	Lithium refinery in Albemarle, US (\$1.3 billion)	Initially criticized the IRA but has not made any critical statements since then.
	Nancy Mace	15 <sup>th</sup>	Battery recycling plant by Redwood (US\$3.5 billion)	Large investment projects do not change opposition to IRA.
Georgia	Marjorie Taylor Green	14 <sup>th</sup>	Korean Qcells solar cell manufacturing project (\$2.5 billion)	Denies benefits from IRA
West Virginia	Carol Miller	1 <sup>st</sup>	GreenPower 's electric school bus facility; Form Energy's iron-air battery manufacturing plant (\$760 million)	The jobs IRA creates are not as many as the jobs IRA takes away.
	Alex Mooney	2 <sup>nd</sup>	US Sparkz battery project	Criticize IRA worsening inflation even after investment decisions are made
Nevada	Mark Amodei	2 <sup>nd</sup>	Tesla factory expansion (\$3.6 billion)	Overall, IRA have a greater negative impact.

Source: Created by Washington Office from Politico Pro [articles](#) (paywall) and etc.

On the other hand, as shown in Figure 2, Sen. J.D. Vance from Ohio, who is said to be close to former President Trump, has proposed a bill to repeal the EV tax credit. Representative Marjorie Taylor Greene of Georgia, who is also close to former President Trump said “the jobs creation is the result of the (Republican) Trump administration and the Kemp state government”, **completely denied any connection between the large-scale investment project and the IRA**, despite Qcells, a major solar cell company in her district, clearly states in a [press release](#) “enactment of IRA is an opportunity to launch a \$2.5 billion solar cell manufacturing project”. Some Republicans acknowledge that IRA contribute to investment decisions, but believe they have a greater negative impact overall. For example, Congresswoman Carol Miller from West Virginia, a state with a large fossil fuel industry, said that despite investment decisions being made in her district for electric school bus and new battery manufacturing projects, she said, **"This is far from the jobs that the IRA will take away,"** continuing her belief that IRA should be repealed. Congressman Mark Amodei of Nevada, who voted for Tesla's \$3.6 billion Gigafactory expansion, agrees.

Some Republicans take positions somewhere in between. Rep. Nancy Mace of South Carolina 15<sup>th</sup> district where the battery recycling company decided to build a new \$3.5 billion factory, said the **investments won't change her opposition to IRA**. On the other hand, in response to the Limit, Save, Growth bill, which was compiled by the House Republican leadership in April 2023 and included raising the debt ceiling and eliminating the IRA tax deduction, the congressman argued that the **elimination of tax credits for renewable energy would lead to higher energy prices**. She couldn't decide her stance on the law until the last minute, believing that it would lead to job losses (in the end, she supported the bill). Some Republican lawmakers from the Midwest where agriculture is a major industry, also advocate to maintain a tax credit program for biofuels derived from food such as corn.

In fact, there is a faction within the Republican party called [the Conservative Climate Caucus \(CCC\)](#). Recognizing that humans cause climate change is a prerequisite for becoming

a caucus member which may sound differ from the stereotypical image of the Republican Party. The caucus has 82 members<sup>5</sup>, making it the second largest caucus only after the Republican Study Committee. Separately, there is a bipartisan [Climate Solutions Caucus \(CSC\) in](#) each House and Senate. The House Caucus had been temporarily dormant due to the loss of many Republican members who belonged to it in 2018 election, however, it was revived in July 2023. There are 32 Republican members on the list (20 of them also belong to the CCC). Representatives Mace and Amodei mentioned above belong to both caucuses. Congressman John Curtis of Utah, who is the founder and chairman of the CCC and a member of the CSC, is so proactive about climate change that he has released [a video introducing the energy-saving features he has installed in his home](#). It has also been revealed that Rep. Curtis received a tax credit for energy-saving available in IRA (he explained that the decision to install energy-saving features had been made before the pass of IRA). Congressman Curtis is seeking a seat in the Senate in the 2024 election and is likely to win<sup>6</sup>. According to [Pew Research](#), two-thirds of young Republicans (ages 18-29) think the U.S. should reach carbon neutrality by 2050 (44% overall) ; **In response to this trend, an increasing number of conservative** politicians are likely to feel that there is a need for a forum where climate change countermeasures can be thoroughly discussed.

But again, **all Republicans in these caucuses voted against the IRA bill and in favor of the Limit, Save, Growth bill, which includes repeal of IRA**. Although the CCC recognizes the need to combat climate change, it **believes that the way to do so is “to achieve low-emission, low-cost energy through private sector innovation, and to make fossil fuels part of the global solution through innovative technologies. The goal is to reduce (GHG) emissions, not reduce energy options”**<sup>7</sup>, which shows a sharp contrast to the Democratic Party's climate change policies. As mentioned above, IRA has been greatly frowned upon by Republican politicians due to its passage process, and above all, it is a policy that is held up as a banner by its political opponents, the Democratic Party.

Benj Bakker, president of the American Conservation Coalition, a nonprofit group that promotes a conservative approach to climate change, said, “Aside from politics, clean energy is quite popular among Republicans and conservatives. **However "It's too political" he said, pointing out** the difficulty of the IRA's political side. Morgan Griffith, a member of the CCC, said, “I always refer to pieces of legislation as having either candy apples (referring

---

<sup>5</sup> One of them is a member of the Guam Territory and does not have the right to vote.

<sup>6</sup> Incumbent Sen. Mitt Romney has announced his retirement. Congressman Curtis is currently leading the Republican primary polls. All of Utah's two Senate seats have been held by Republicans since 1976.

<sup>7</sup> From CCC official page

something you like) or toads (referring something you don't like). If there's enough candy apples, you can swallow a toad or two" he said, describing the situation of lawmakers who are in dilemma between pragmatic benefits and political ideologies. If you recall, the reason the former Trump administration was unable to repeal the Obamacare even though it used budget reconciliation mechanism was because there were moderate Republican senators who refused to swallow toads. Among the budget reconciliation bill that would be submitted in the new Republican trifecta congress, these moderates would be wondering how much candy apples and toads will be included to repeal/amendment IRA, along with the tax cut extension described below. We have to pay attention to the judgment of Republican members of Congress.

(4) Does the extent of IRA amendment depend on the details of the tax reduction extension?

When you ask members of congressional office staff about their agenda for 2025, the first thing that comes up is the extension of **Tax Cuts and Jobs Act (TCJA) of 2017, passed by the former Trump administration, rather than repealing/amending the IRA.** Some of the tax provisions are set to expire at the end of 2025. Most of the items are individual tax provisions, such as personal income tax relief and child tax credits, and if the Republicans fail to extend these items despite achieving the trifecta, they definitely will lose support from voters. **Therefore, for Republicans, extending the TCJA is a priority agenda that they would like to achieve in a budget reconciliation bill.** However, it is estimated that extending the TCJA will increase federal deficit by 3.3 trillion dollars over [10 years](#). For the Republican Party, which traditionally is fiscal hawk, **it is necessary to provide financial compensation in exchange for extending the TCJA, and an easy target for this would be the repeal/amendment of the IRA.**

At the time of enactment, the IRA's expenditure costs, such as tax credits for climate change, were expected to be \$ [270.9 billion over 10 years \(estimated by the Joint Committee on Taxation: JCT\)](#). However, there is no upper limit on the number of applications for tax credits, and as the number of applications increases, so will spending. As mentioned above, after the enactment of IRA, EPA and NHTSA have submitted regulatory proposals to tighten vehicle exhaust gas standards. As a result, the number of applications for clean vehicle tax credits and other benefits is expected to increase more than initially estimated, and the Congressional Budget Office raised the IRA cost to [\\$700 billion](#) in the forecast released in February 2024. The Committee for a Responsible Federal Budget (CRFB), which advocates stricter fiscal discipline, estimates the cost to be [\\$870 billion](#), while Goldman Sachs estimates it to be [\\$1.2 trillion](#). In any case, the financial resources will not be able to fully cover the

extension of the TCJA, but **there is a high possibility that the extension of the TCJA and the repeal/amendment of the IRA will be discussed as a set in the budget reconciliation bill in 2025.** The extent to which the expiring items of the TCJA will be extended and which parts of the IRA will be repealed/amended as a source of funds will be determined by the power balance of the new Congress. If fiscal hawks and climate change skeptics within the Republican Party are strong, and the party holds a significant majority over Democrats, substantial cuts to IRA can be expected. Conversely, if the Republican majority is slim or if moderate voices like those in CCC are heard, support for initiatives like CCS, hydrogen, and clean fuels may be preserved.

(5) Repeal of federal regulations under the Congressional Review Act

IRA has obliged the administration to establish many new programs, and since it is a new program, detailed operating rules are largely dependent on the bureaucratic formulation of federal regulations. In other words, a simple change to the federal regulations could effectively modify IRA. Regarding federal regulations, **the Congressional Review Act (CRA)** allows lawmakers to repeal federal regulations within 60 days (based on session dates) after being notified to Congress by a simple majority vote in both the House and Senate (The president has veto power over such resolutions, but in trifecta situations, Congress and the White House usually have same view). Although the number of session dates would change according to the will of the congress leaders, the 60th session date before the January 3rd election of the year after the election, when a new session opens, usually falls between May and July of the previous year. As of the end of February, a legal expert estimated that the date would be June 7, 2024.

The main tax credit programs that will be newly established or existing rules revised following the enactment of the IRA are shown in Figure 5. **More than a year and a half after the IRA was enacted, federal rules for most new tax credit programs have not yet been finalized.** In other words, if things continue as they are, the CRA could invalidate federal regulations if the Republican trifecta becomes a reality after January next year. **Therefore, it is possible that the Biden administration will release final rule soon, at least for programs for which proposed rules have already been published and public comment has been completed.**

Figure 5: Federal rulemaking status for major tax credit programs for IRAs

Rule type	last updated	situation
-----------	--------------	-----------

<a href="#">Domestic Content Bonus Credit Guidance</a>	2023/5/12	Guidance completed, additional rules possible
<a href="#">Prevailing Wage and Registered Apprenticeship Requirements</a>	2023/8/30	Public comment deadline for draft rules, waiting for final draft
<a href="#">Transfer of Clean Vehicle Credit</a>	2023/10/10	
<a href="#">Energy Property and Rules Applicable to the Energy Credit (48)</a>	2023/11/22	
<a href="#">EV tax credit (30D)</a>	2023/12/4	
<a href="#">Sustainable Aviation Fuel (SAF) Tax Credit (40B)</a>	2023/12/15	
<a href="#">Advanced Manufacturing Credit (45X)</a>	2023/12/15	
<a href="#">Clean hydrogen production credit (45V)</a>	2023/12/26	
<a href="#">Fuel supply equipment for alternative fuel vehicles (EV chargers, etc., 30C)</a>	2024/2/16	
Renewable electricity production credits (45)		Existing programs, possible additional rules
CCS credit (45Q)		
New energy efficiency house (45L)		
High energy efficiency of commercial buildings (179D)		
Energy efficiency home renovation (25C)		
Introduction of clean energy for residential use (25D)		
Clean electricity production credit (45Y)		
Zero emission nuclear power generation (45U)		New program, waiting for draft regulations
Clean fuel production credits (45Z)		
Clean commercial vehicle credit (45W)		
Clean electricity investment tax credit (48E)		

Source: Prepared by the Washington Office from the Federal Register and the official website of the Department of the Treasury.

### 3. How will the Trump administration modify the IRA?

#### (1) Arbitrary suspension or revision of federal regulations

In Section 2, we considered the possibility of amending IRA under the authority of the federal Congress (legislative), but in Section 3, I would like to consider the possibility of modification with the authority of the executive branch, typically, when a new law is enacted, the administration develops federal regulations based on the law's text and its own interpretation of that text. The formulation process involves public comments and public/private public hearings several times after the draft regulations are published, and if necessary, steps such



as provisional final drafts are taken before the regulations are finalized. When formulating administrative regulations, the United States places particular emphasis on communication with stakeholders such as industrial and business communities, non-governmental organizations, and non-profit organizations, which takes amount of time. Therefore, as mentioned above, many of the federal regulations for IRA have not yet been finalized and are likely to become subject to the CRA.

However, even if they are not subject to CRA, **it is common for a new administration to arbitrarily suspend or revise the previous administration's federal regulations. Additionally, in many cases, federal regulations created by the administration may not be enforced due to litigation or other factors.** For example, the Clean Power Plan, which was created by the Obama administration based on the Clean Air Act and aimed at limiting greenhouse gas emission from power plants, was not effectively implemented due to lawsuits and other factors. Subsequently, the Trump administration attempted to replace it with the Affordable Clean Energy Rule, but this also failed due to litigation. In May 2023, the Biden administration announced new proposed regulations that include new emissions standards and the repeal of the Affordable Clean Energy Rule, It is currently being finalized. In addition to efforts to repeal/amend IRA in Congress, we will likely see attempts to amend the proposed federal regulations. In particular, regarding the EV Tax Credit Program (Internal Revenue Service Regulation 30D), in addition to being targeted by former President Trump, many Republican members of Congress also have criticized that the Biden administration has arbitrarily interpreted IRA. For example, IRA provisions specify that EVs eligible for tax credits must have a certain percentage of the critical minerals used in the battery mined, refined, or recycled in the United States or FTA countries; Given that there is no definition of an FTA in the United States, the Biden administration has expanded the interpretation of the FTA and deemed important mineral agreements with Japan, which have not been approved by Congress, as FTA under the 30D rule. Similarly, the definition of where critical minerals is "mined," "refined," or "recycled" was arbitrarily defined by the Biden administration in federal regulations as "where 50% or more of added value is added." Under these rules, even if the percentage of value added in the U.S. or FTA countries is low, it can qualify for tax credits <sup>8</sup>. Not only Republicans but also Democratic Rep. Manchin objected to this abrupt formation of federal regulations. As mentioned above, the bill introduced by House Ways and Means Committee Chairman Smith seeks to codify the definition of FTA into law. **If the Trump**

---

<sup>8</sup> Regarding the 30D regulation, please refer to the previous Marubeni Washington report, "[Dilemmas facing the Biden administration and automakers](#)."

**administration were to substantially narrow down the EVs subject to the 30D regulation, it would be comparatively difficult to maintain the rules established by the Biden administration based on the arbitrary interpretation of the provisions.**

Conversely, there may also be cases where the rules are made more flexible. The rule regarding clean hydrogen production credits (Internal Revenue Service Regulation 45V) announced at the end of 2023 limits the clean electricity required for production to newly constructed power generation facilities in the same region, and the hydrogen production and clean electricity generation must be simultaneously. [Republican lawmakers have voiced opposition](#) to restrictions other than the IRA's provisions. As we saw in Agenda 47, former President Trump himself is against hydrogen utilization, but **the industry and Republican lawmakers have said that the Biden administration should remove unnecessary regulations created by arbitrarily interpreting the law. There is a possibility that the administration will listen to advice from the congress and start revising the rules.** However, in any case, it must be noted that the administration may not be able to revise the rules due to litigation.

#### (2) Department of Energy Loan Program Office

There are also ways to substantially impede IRA enforcement without changing the rules. For example, apart from the tax credit program, IRA has significantly increased the Department of Energy's Office of Loan Programs' lending capacity for clean energy projects and other projects, bringing the agency's lending authority to [\\$400 billion](#). As Republican lawmakers feared a relapse for Solyndra, a startup solar cell maker that went bankrupt two years after receiving a loan from the agency in 2011, they are [demanding](#) an investigation into whether the bureau's loans are being provided fairly. If the Trump administration take over the White House, the Department of Energy as a whole, including the Loan Program Office, would likely shift to emphasizing support for fossil fuels rather than renewable energy and other green energy.

## **4. Assuming IRA2.0**

As we have seen, given former President Trump's thinking and the way it was established, it is difficult to imagine that the IRA will remain intact when it comes to the Republican trifecta. On the other hand, there are many Republican members of Congress who believe that realistic climate change policies are necessary, and many bills to amend the IRA have already been introduced in the current session, in addition to the bill to repeal IRA entirely.

These trends show that while tax credit programs for EVs and renewable energy are becoming stricter, preferential treatment is given to hydrogen, CCS, and nuclear power. Ultimately, the debate will be about extending tax breaks and the programs that will be eliminated or modified will be determined by how much IRA spending needs to be cut. Congress and the administration will also likely amend federal regulations to bring them in line with more conservative policies. However, for better or for worse, the IRA is a large-scale climate change measure that will be “once -in-a- generation” (according to the Biden administration) and is unlikely to disappear completely. In other words, the question to ask is not “whether IRA will disappear,” but “what kind of IRA 2.0 will be formed.” We need to keep an eye on it.

---

## **Marubeni America Corporation Washington Office**

1717 Pennsylvania Ave., NW, Suite 375, Washington, DC 20006  
<https://www.marubeni.com/jp/research/>

### (Disclaimer)

- Although this material has been created based on publicly available information, we do not guarantee its validity, appropriateness, or completeness.
- Any gains or losses arising from actions taken in accordance with the materials shall be attributable to the person making the decision, and the Company shall not be held responsible in any way.
- The contents of this document are subject to change without notice.
- The individual texts, photographs, illustrations, etc. (hereinafter referred to as "information") published in this material are the copyrighted works of our company and are subject to copyright protection under Japanese copyright law and international treaties such as the Berne Convention. I am protected. Except for cases permitted by copyright law, such as personal use and quotation, the information contained in this material may not be reproduced, distributed, modified, translated, adapted, or transmitted publicly without the permission of the copyright holder. Making it available for transmission is a violation of copyright law.