

Entering the US Market: the Path to Success for Asian Companies

Michael Liu
Director of Research & Insights
Volta Foundation

in partnership with

Xinghua Meng
Assistant Secretary General
常州市电池技术协会

Quantify the Opportunity of a
US Market Entry | Part 1

Understand Shifting Policies
within the US | Part 2

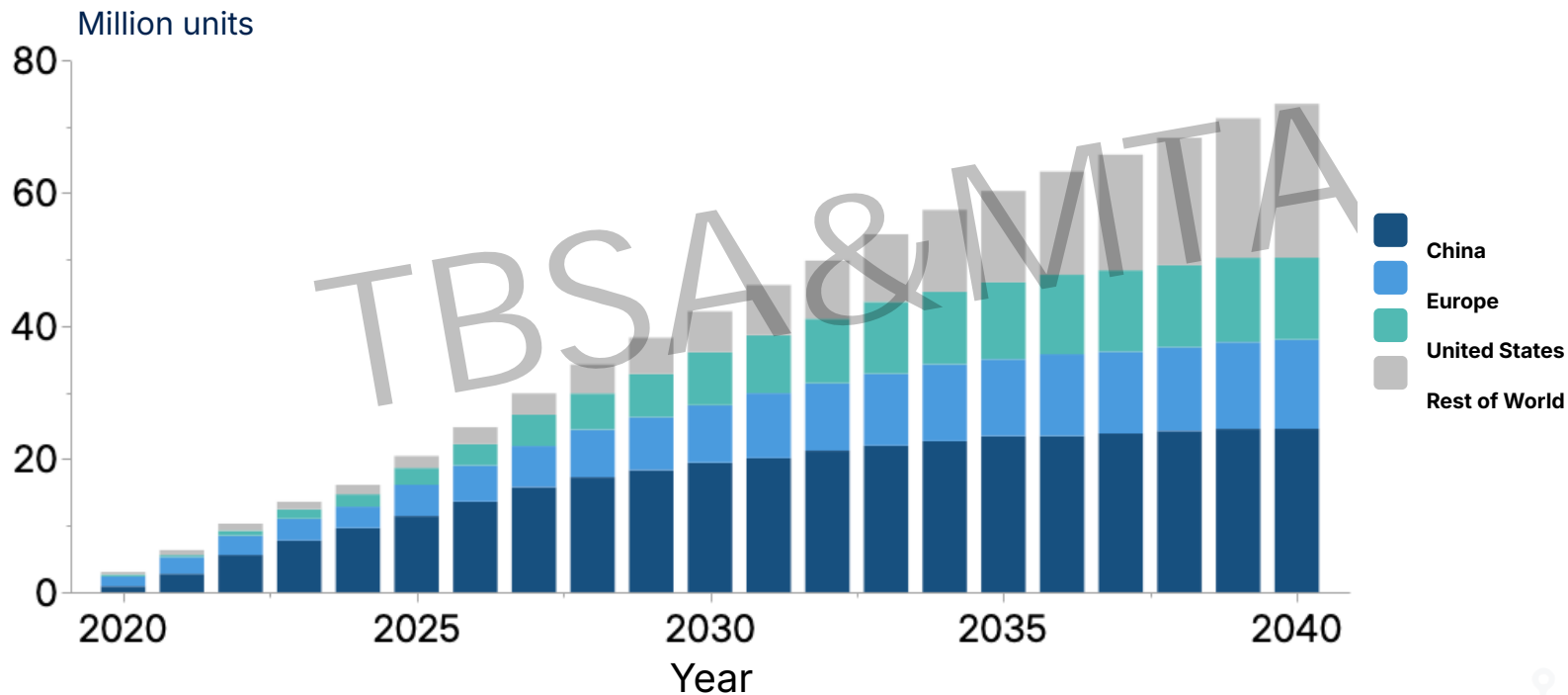
Follow Best Practices in
Entering the US Market | Part 3



Quantify the Opportunity of a US Market Entry | Part 1

United States remains the second largest market for EVs outside of China

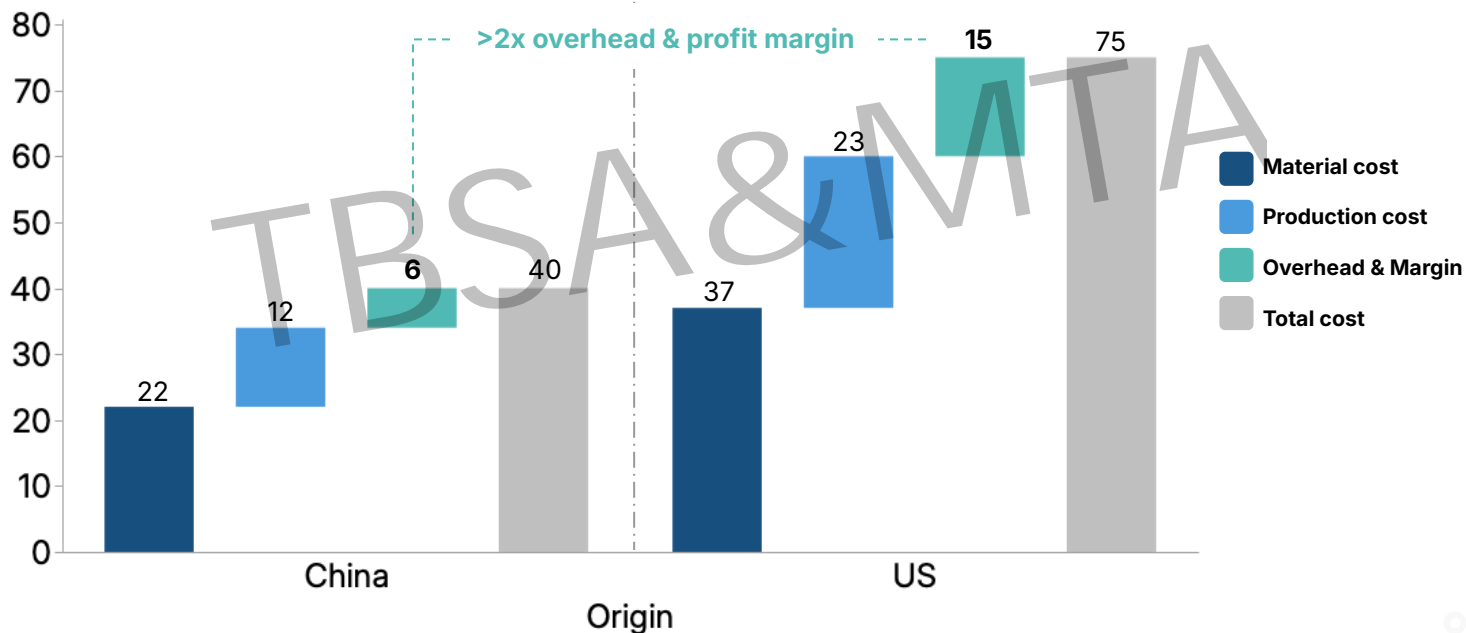
GLOBAL LONG-TERM PASSENGER EV SALES BY REGION



Profit margins in US are healthier compared to those in China

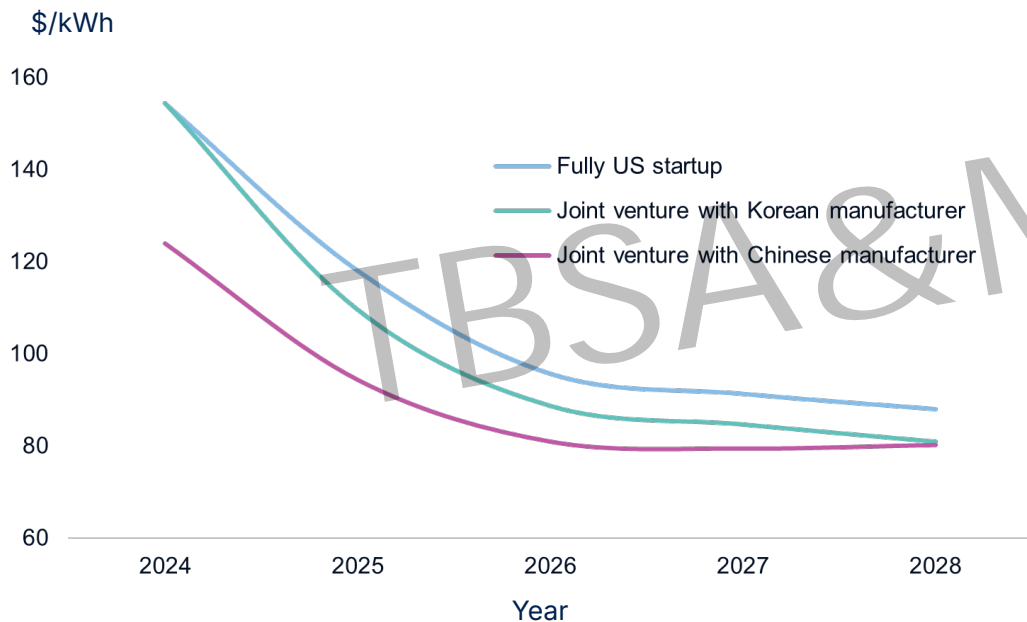
LFP CELL SPOT PRICE ESTIMATES

\$/kWh, FOB origin by region



Joint Ventures open the US market to Asia & quickens profitability

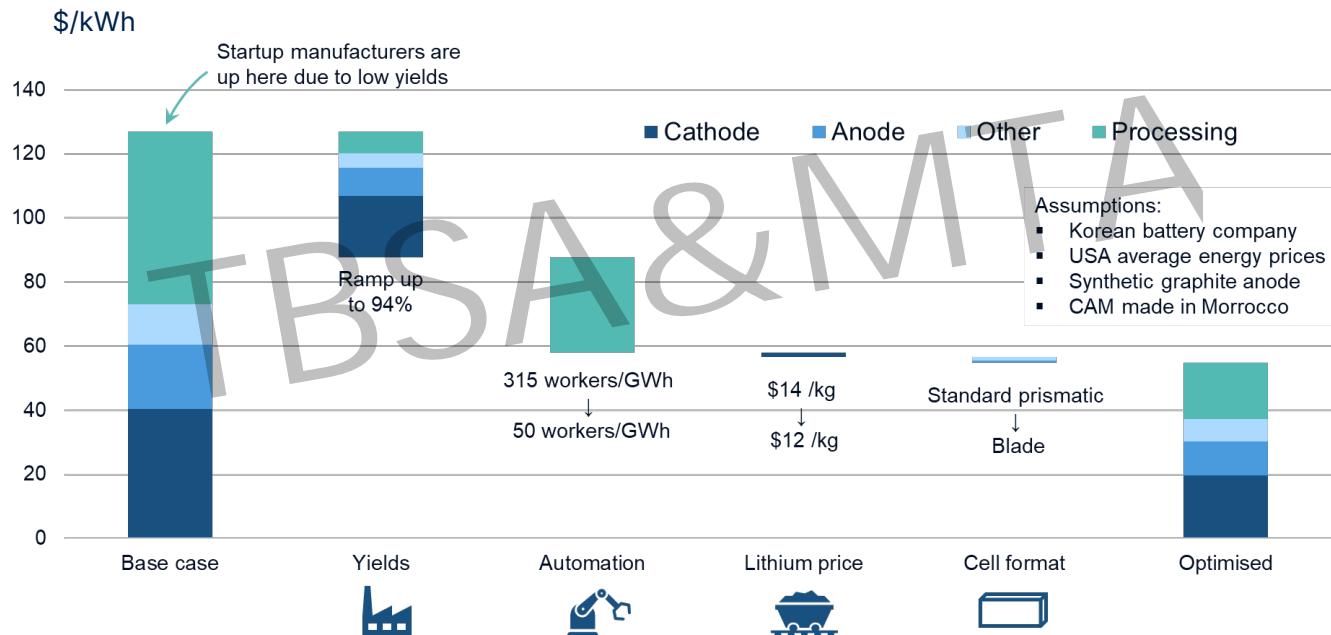
LFP CELL AVERAGE MANUFACTURING COST IN US



Cell manufacturing in the US formed by partnering US↔Asia outcompetes pure US companies in cost and potentially market share

Yield improvement and automation enable JVs to turn a profit

MODELED LFP BATTERY CELL MANUFACTURING COSTS IN US, 2024





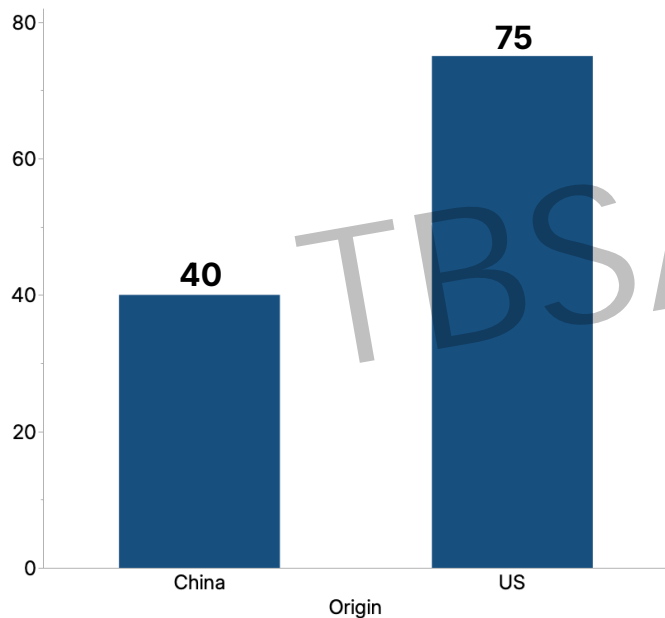
Understand Shifting Policies | Part 2 within the US



Battery cell production in US is very competitive from incentives & tariffs

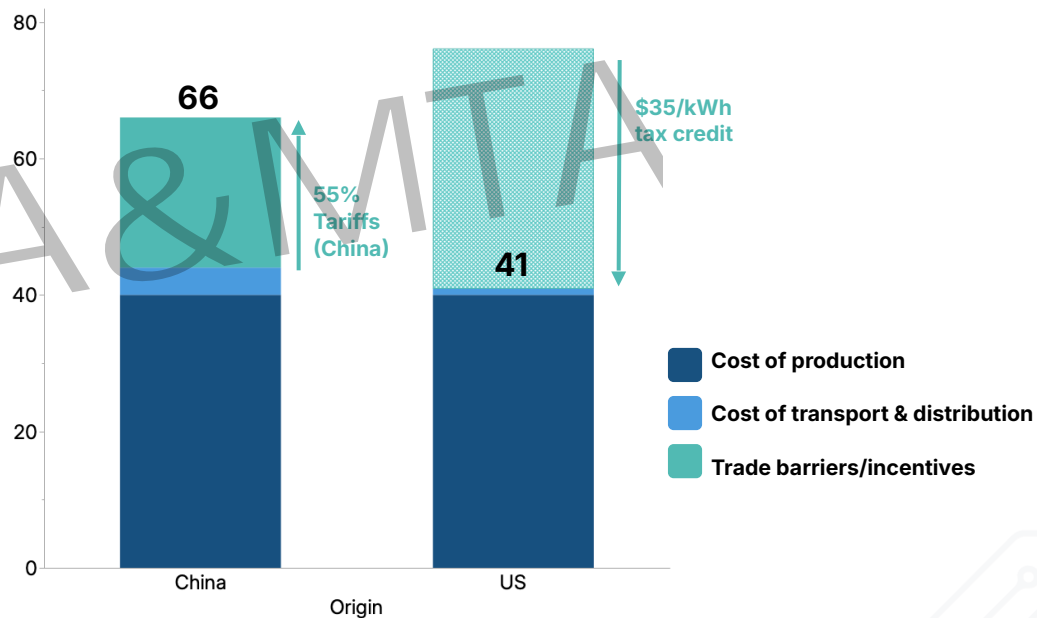
LFP CELL SPOT PRICE ESTIMATES

\$/kWh, FOB origin by region



LFP CELL SPOT PRICE ESTIMATES

\$/kWh, landed cost to US by region



Inflation Reduction Act Accelerated US Battery Industry Growth

Senate passes Inflation Reduction Act with \$369B in energy and climate spending



Section 45X of the Inflation Reduction Act: New Tax Credits Available to Battery Manufacturers



How Inflation Reduction Act Electric Vehicle Incentives Are Driving a U.S. Manufacturing Renaissance



Ford to announce \$2.5B battery plant in Marshall with Chinese partner



LG-GM joint venture secures \$2.5b from US to fund EV battery plants



Chinese EV battery maker Gotion High-Tech picks Illinois for US\$2 billion factory, starts production in 2024



Policy has changed significantly during President Trump's second term

Inflation Reduction Act (IRA) passed in 2021 defined the term **Foreign Entity of Concern (FEOC)**, placing restrictions on some tax credits

One Big Beautiful Bill (OBBB) passed by US government expands definition of FEOC, limiting **ALL** tax credits:

- Prohibited Foreign Entity (PFE)
- Specified Foreign Entity (SFE)
- Foreign Controlled Entity (FCE)
- Foreign Influenced Entity (FIE)

Key Takeaway

Chinese companies **can still benefit** from US tax incentive policies by cooperating with US companies (Joint Ventures, licensing deals, etc.)

Policy has changed significantly during President Trump's second term

Policy in 2022

US supply-side incentives

45X

US demand-side incentives

30D

FEOC material limits

Policy has changed significantly during President Trump's second term

Policy in July 2025

US supply-side incentives

45X

FEOC recipient & material limits

100% tax write-offs for R&D &
Production equipment

Production Credits for US Manufacturing

10% of cost for critical minerals
10% of cost for cell components
\$35 / kWh for cells
\$10 / kWh for pack assembly

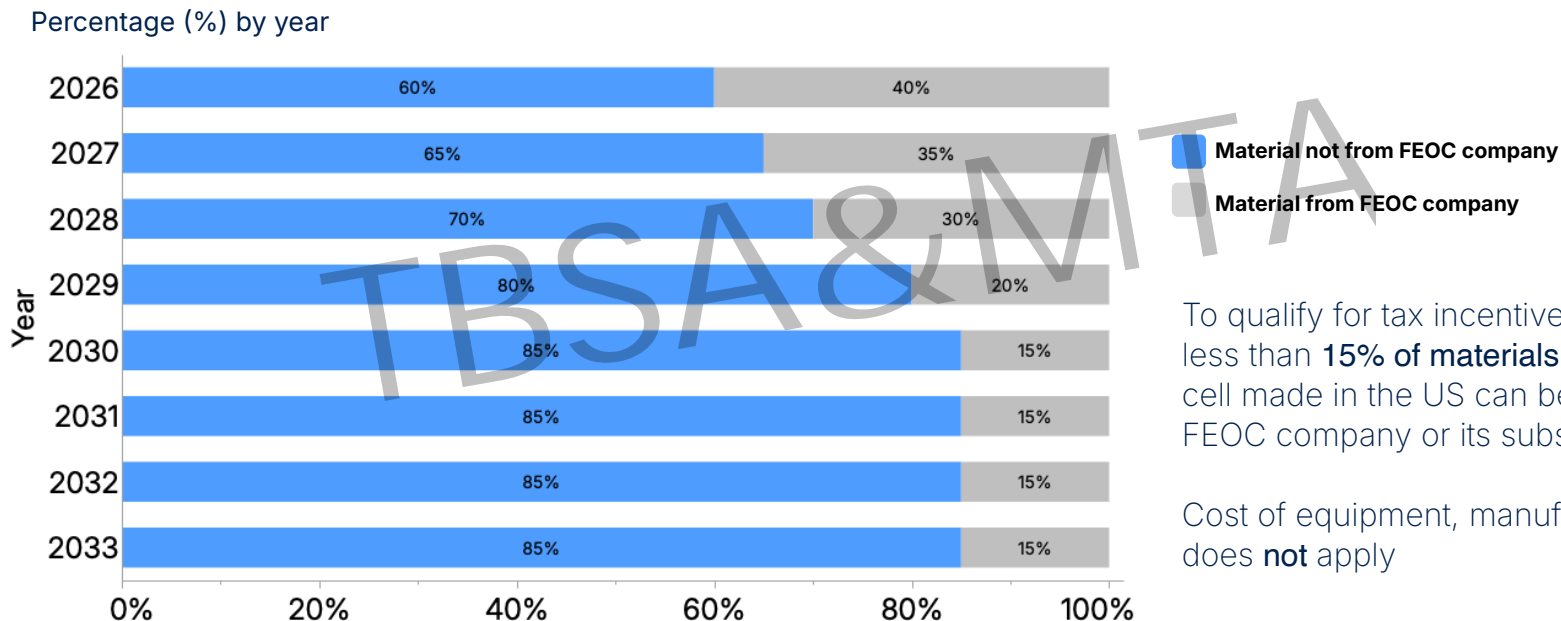
IMPACT

Chinese companies need to partner with
US companies to earn credits

US companies are much more willing to
buy state-of-art equipment

Cells made in the US must ramp down Chinese content over time

COST RATIO OF BILL OF MATERIALS (BOM) FOR CELLS



To qualify for tax incentives in 2030, less than **15% of materials** used in a cell made in the US can be from a FEOC company or its subsidiaries

Cost of equipment, manufacturing does **not** apply

Policy has changed significantly during President Trump's second term

Policy in July 2025

US demand-side incentives

Consumer Rebate for EV Purchase

\$7500 tax rebate for qualifying new EV purchases

IMPACT

US OEMs will not buy US-made batteries if they are not cost competitive

Eliminated

New policy changes makes partnership the only way to earn credits

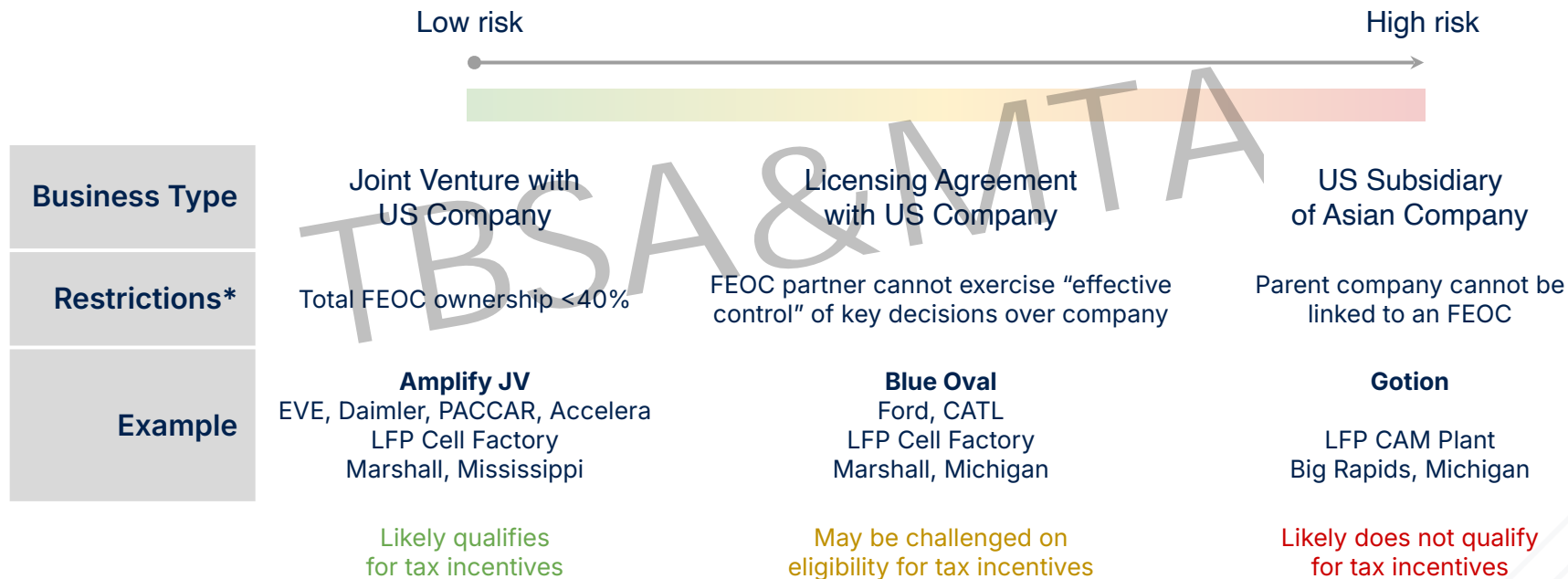
Eliminated demand-side incentive and transplanted its **sourcing requirement** to supply-side incentives

Policy	Incentive	Restrictions	Timeline	Incentive	Restrictions	Timeline
30D	\$7500	FEOC material restrictions	Credit ends after 2032	Eliminated	N/A	N/A
45X: Critical Minerals	10% of cost	None	Phase-out to 25% after 2033	Unchanged	FEOC recipient & material restrictions	Phase out to 0% after 2033
45X: Components	10% of cost	None	Phase-out to 0% after 2033	Unchanged	FEOC recipient & material restrictions	Unchanged
45X: Battery Cells	35 \$/kWh	None	Phase-out to 0% after 2033	Unchanged	FEOC recipient & material restrictions	Unchanged
45X: Battery Modules	45 \$/kWh	None	Phase-out to 0% after 2033	Unchanged	FEOC recipient & material restrictions, stricter definition	Unchanged

Joint Venture partnerships are heavily favored in new policy

US-ASIA BUSINESS MODELS & THEIR 45X QUALIFICATION

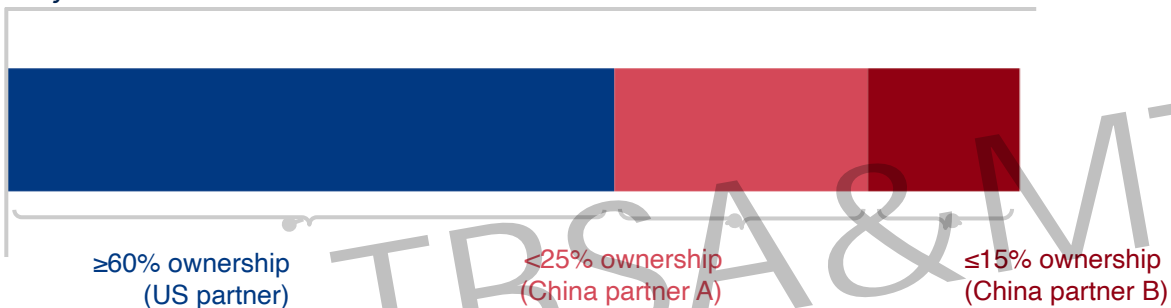
July 2025 - Present



Cooperation Between US and Asia is Critical for Success: JV Example

ALLOWABLE JOINT VENTURE OWNERSHIP STRUCTURE

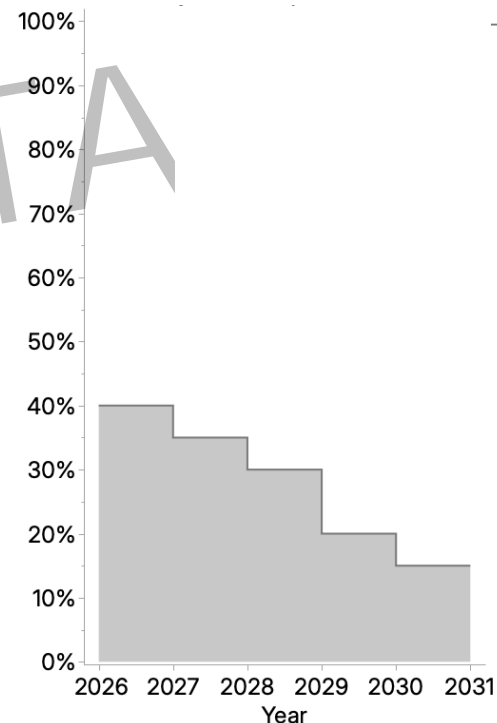
July 2025 - Present



- Joint Ventures (with minority stake from Chinese partners) provide the best opportunities to enter the US market
- New policy (HR 1) requires gradually stricter requirements for FEOC content and further illustrates incentive to form JV

45X FEOC CONTENT LIMIT

% of BOM cost of cell





Follow Best Practices in Entering the US Market | Part 3



Invest in the right partnership with
a US company

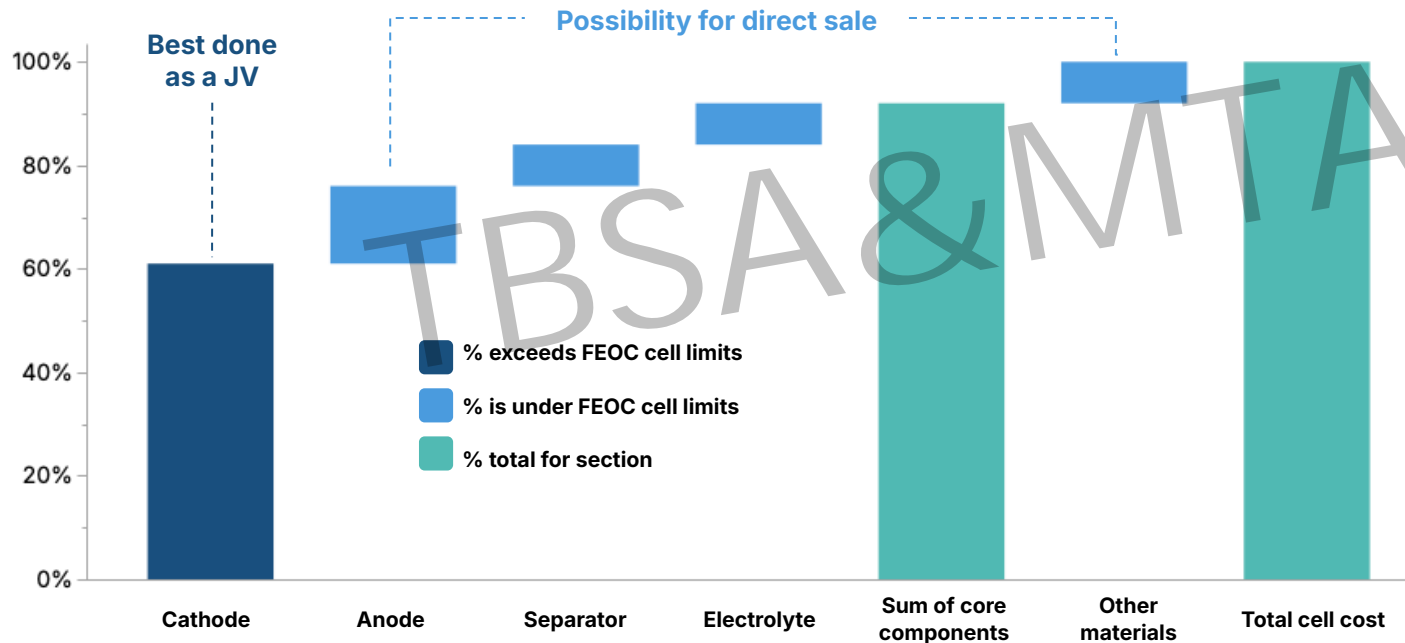


Invest in the right location
to build a factory

Determine if your company should sell directly or form a JV today

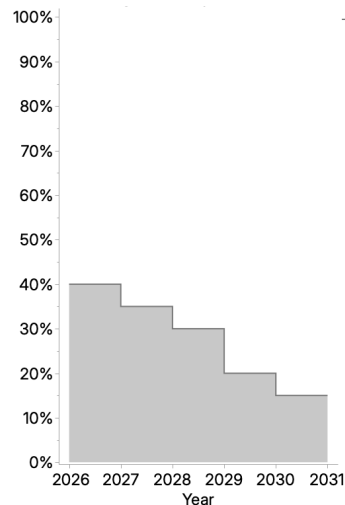
MATERIAL COST BREAKDOWN OF TYPICAL NCM LI-ON CELLS

Percent (%), illustrative approximate



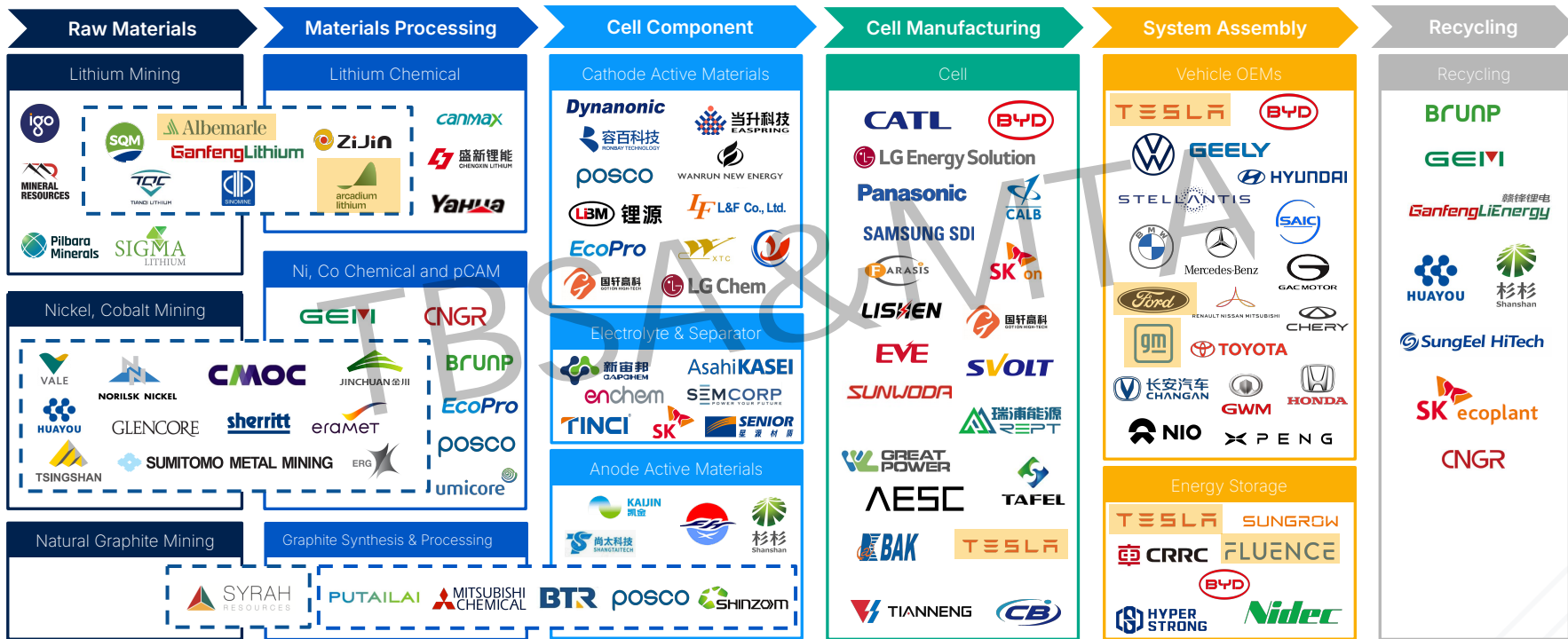
45X FEOC CONTENT LIMIT

% of BOM cost of cell

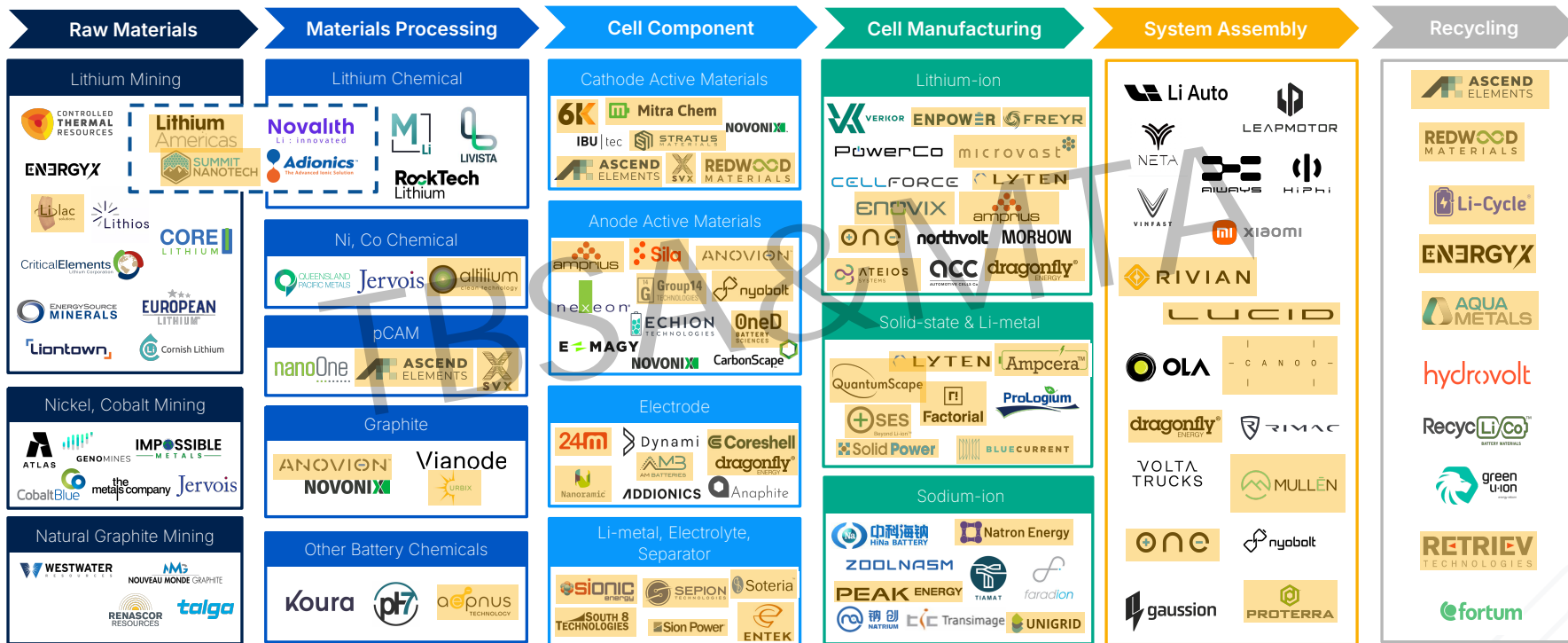


- Cell makers are incentivized to establish JVs for **all components** due to **stricter regulations** over time for tax credits

Find the right US company to partner with



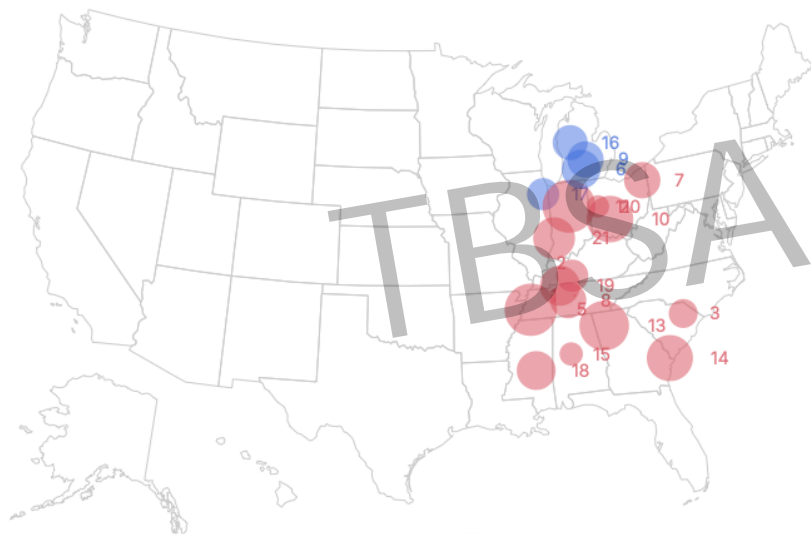
Find the right US company to partner with



Build factories in states with Republican government

MAP OF US↔ASIA JV FACTORIES (2021-present)

Sized by amount invested in facility



■ Republican-leaning state

■ Democratic-leaning state

BATTERY CELL/COMPONENT JV COUNT IN THE US

Major cell and component manufacturing

22%

78%

4 factories

14 factories

TABLE OF SELECTED US↔ASIA PARTNERSHIPS

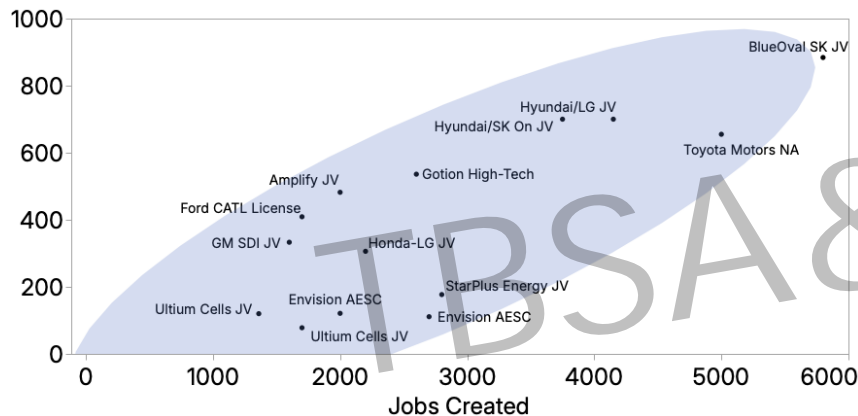
Sites planned, under construction, or complete

US Partner	Asian Partner	Amount Invested	Location
		\$11.4B	Kentucky (#4) Tennessee (#5)
		\$1.6B	Michigan (#6)
		\$6.7B	Ohio (#7) Tennessee (#8) Michigan (#9)
		\$3B	South Carolina (#3)
		\$5.7B	Indiana (#11)
DAIMLER TRUCK 		\$3B	Mississippi (#18)

Win state and local government support (\$) by creating local jobs

JOBS CREATED & GOV'T INCENTIVE PACKAGE

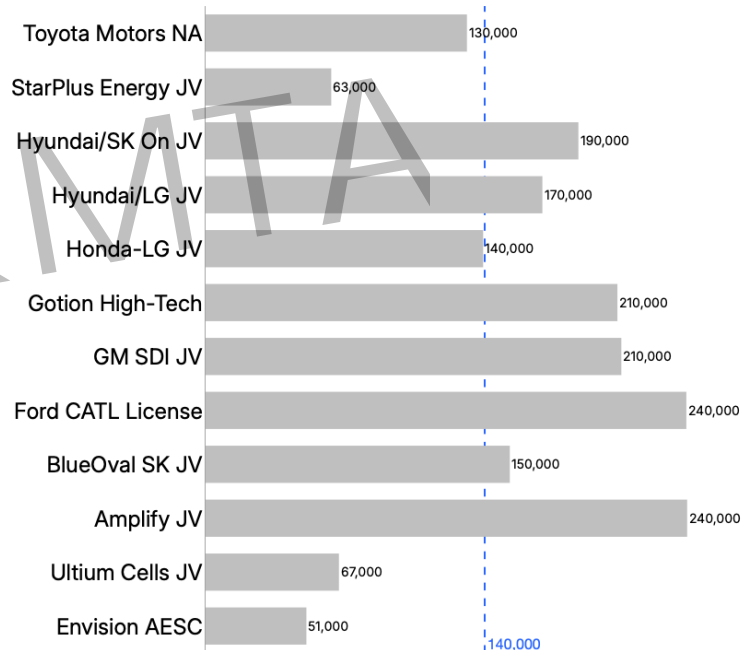
State/local tax incentives, \$MM USD



- State and local governments determine size of incentives (tax abatements, grants, etc.) by the number of jobs created in their jurisdictions.
- Factory proposals that cost **less than \$140,000 of tax incentives per job created** are considered cost competitive.

STATE TAX INCENTIVES / JOB CREATED

\$/direct job created, cell manufacturing



Invest time & resources into surrounding community

These EV 'Battery Belt' Towns Are Betting Trump Won't Ditch Them

Ford, Hyundai, other carmakers cranking up new EV battery factories while uncertainty looms over Biden-era subsidies for them

THE WALL STREET JOURNAL.

Redwood Materials establishing operations in Berkeley County with largest economic development announcement in state history



Four GOP senators resist IRA tax-credit repeal

pv magazine

What to know: The new Ford BlueOval City plant poised to reshape West Tennessee

TENNESSEE | LOOKOUT

SUPERCHARGING EDUCATION: Toyota Invests \$2 Million In North Carolina Schools










Red States to Reap the Biggest Rewards From Biden's Climate Package

Bloomberg

Join Volta Foundation to gain access to critical resources and markets

MISSION

CHAMPIONING THE GROWTH OF THE BATTERY INDUSTRY

- 2025 +**  **MARKET EXPANSION**
Scaled to 75,000 professionals and 200 member companies
- 2024**  **ADVOCACY & EDUCATION**
Introduced Women in Batteries, hosted first in-person conference, and launched Webinar programs
- 2023**  **GROWTH AND IMPACT**
15 high impact projects reaching 50,000+ professionals globally
- 2022**  **GLOBAL REACH**
Battery Forums entered Europe and Asia, creating regional focused dialogues around the world.
- 2021**  **FIRST BATTERY REPORT**
The first State of Battery Report received 40,000+ views, widely cited and shared among academic, industry and financial audiences.
- 2020**  **FIRST BATTERY BITS**
Written first-hand by industry professional, this publication has developed to a staff of 10+ editors, accumulating 250,000+ views.
- 2019**  **FIRST BATTERY BRUNCH**
First in-person brunch was held in San Francisco with 10 members, which quickly became a series of virtual events for battery professionals.

VOLTA FOUNDATION



Volta Programs



Battery Forum



Women in Batteries



Battery Socials



Exec Connect



Battery Report



Battery Street



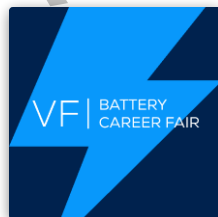
Battery Business Directory



Battery Bits



Battery Workforce



Battery Career Fair



Webinars



This Week in Batteries



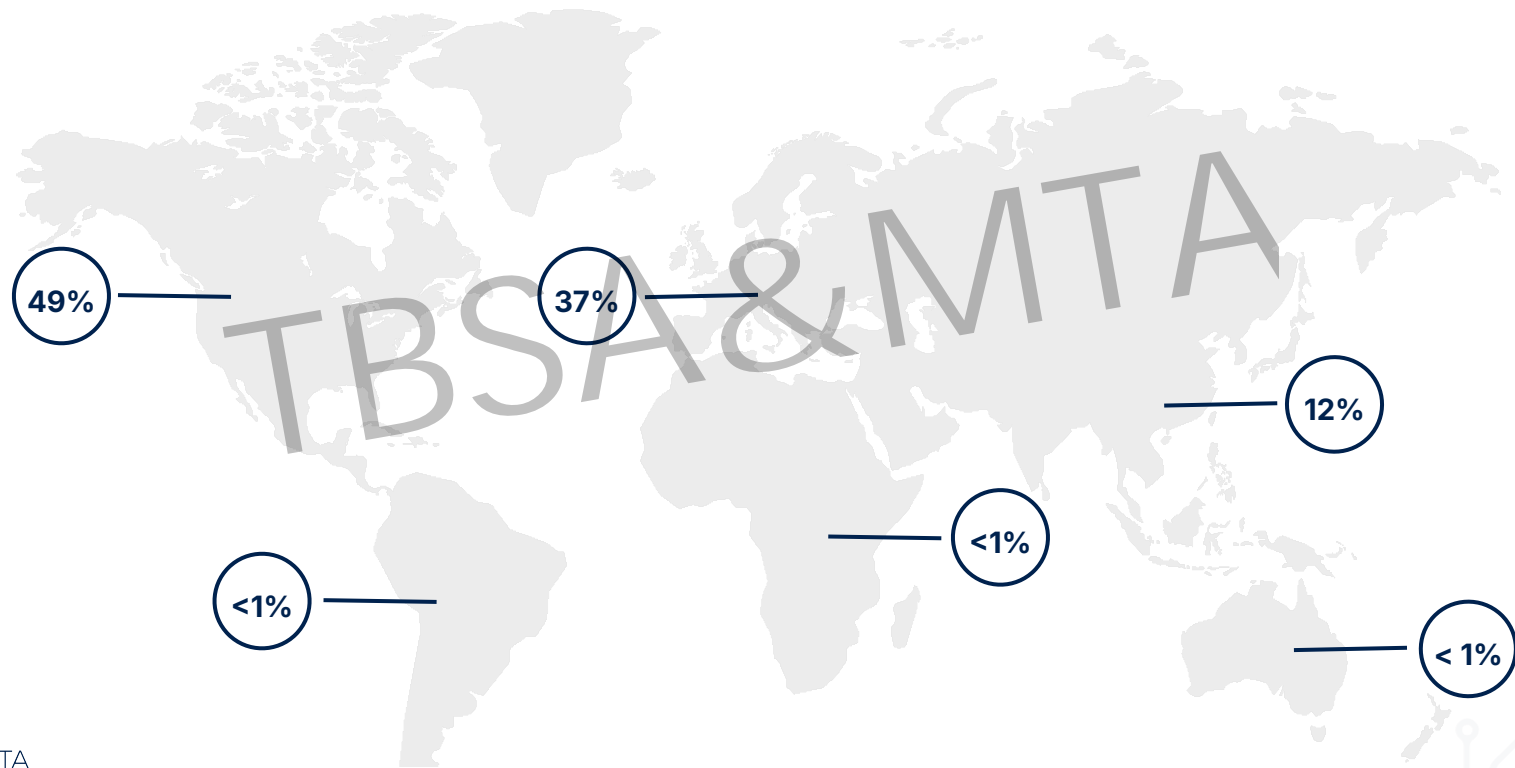
Watt's New in Batteries

A light gray world map is centered in the background. Overlaid on the map are faint, light blue circuit board traces that extend from the right edge towards the center. The number '75,000' is prominently displayed in the center of the image.

75,000

GLOBAL PROFESSIONALS

PROFESSIONALS' LOCATION BY CONTINENT



Volta Foundation Battery Report 2024: open access



Thank You

www.volta.foundation



Michael Liu

Director of Research & Insights

<https://volta.foundation>



Linkedin



微信



Xinghua Meng

Assistant Secretary General

常州市电池技术协会

<https://volta.foundation>



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New definitions of prohibited entities under OBBB

Specified Foreign Entity

- Entities designated as a foreign terrorist organization by the Secretary of State
- Entities included on the specially designated nationals and blocked persons list maintained by the Treasury Department's Office of Foreign Assets Control
- Entities alleged by the Attorney General to have engaged in conduct for which a conviction was obtained under certain laws
- Entities determined by the Secretary of Commerce, in consultation with the Secretary of Defense and the Director of National Intelligence, to be engaged in unauthorized conduct that is detrimental to U.S. national security or foreign policy
- Chinese military companies operating in the United States
- Entities listed under the Uyghur Forced Labor Prevention Act
- Certain battery-producing entities

Foreign Controlled Entity

- The government of a covered nation (e.g., China, Russia, Iran, or North Korea)
- An agency or instrumentality of such government
- A citizen or national of a covered nation without U.S. status
- An entity organized under the laws of, or with a principal place of business in, a covered nation
- Entities controlled by any of the above, including subsidiaries (based on >50% ownership or other beneficial interest)

Foreign Influenced Entity

- An entity is classified as a "foreign influenced entity" if it meets at least one of the following conditions:

During the taxable year:

- A specified foreign entity has authority to appoint a board member, executive officer, or similar individual
- A single SFE owns $\geq 25\%$
- Multiple SFEs collectively own $\geq 40\%$
- One or more SFEs hold $\geq 15\%$ of the entity's debt

During the prior taxable year the entity made an "applicable payment" to an SFE under an agreement that gives the SFE "effective control" over:

- Any qualified facility or energy storage technology, or
- The extraction, processing, or recycling of any critical mineral or production of an eligible component