

# A New Era of Competition in the Battery Supply Chain – Materials and Infrastructure Diplomacy as Weapons of War

February 2025



Prepared for: The MMSA



House Mountain Partners

## Who Am I?

I am based in Washington DC and since 2010 have been an analyst focused on battery metals (Li, Co, Cg, Ni, Cu, REEs) supply chains with experience on six continents

I have Board-level experience with battery recyclers and have worked closely with investors, miners, oil & gas producers, and EV manufacturers



Visiting a Lithium Salar in Argentina in 2017



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# Agenda

**Where are we in the current Battery Metals cycle?**

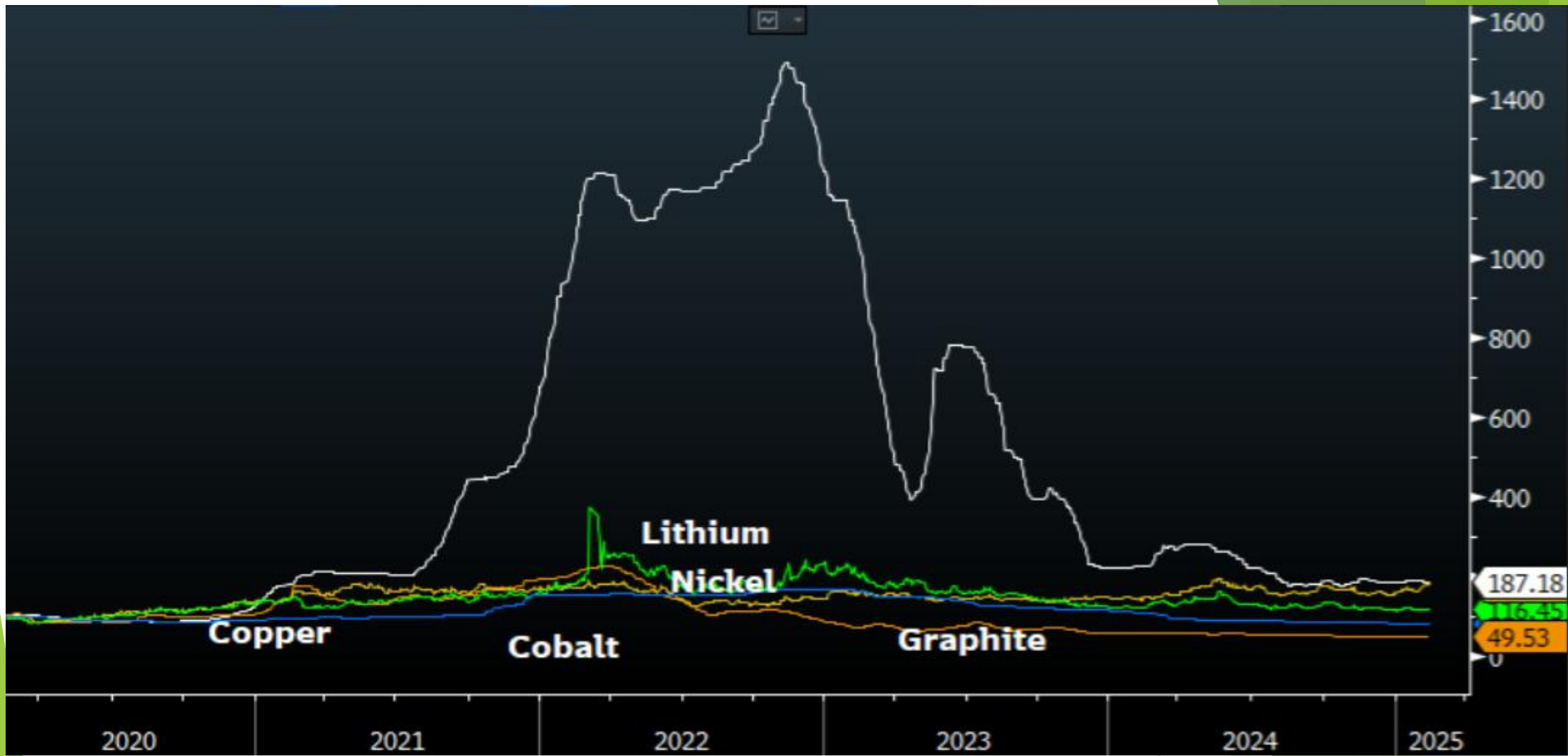
**The Trumpist approach to resources**

**The Chinese response**

**The likely outcomes**

**Takeaways and Q and A**





Source: Bloomberg



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# Major challenges along the supply chain

- **Battery metals price volatility**  
Isn't going away anytime soon
- **Capital**  
Allocation and cost of capital
- **Regulatory uncertainty**  
Tariffs  
Export Controls  
Rollback of subsidies



# **Differing Views on the energy future for America**

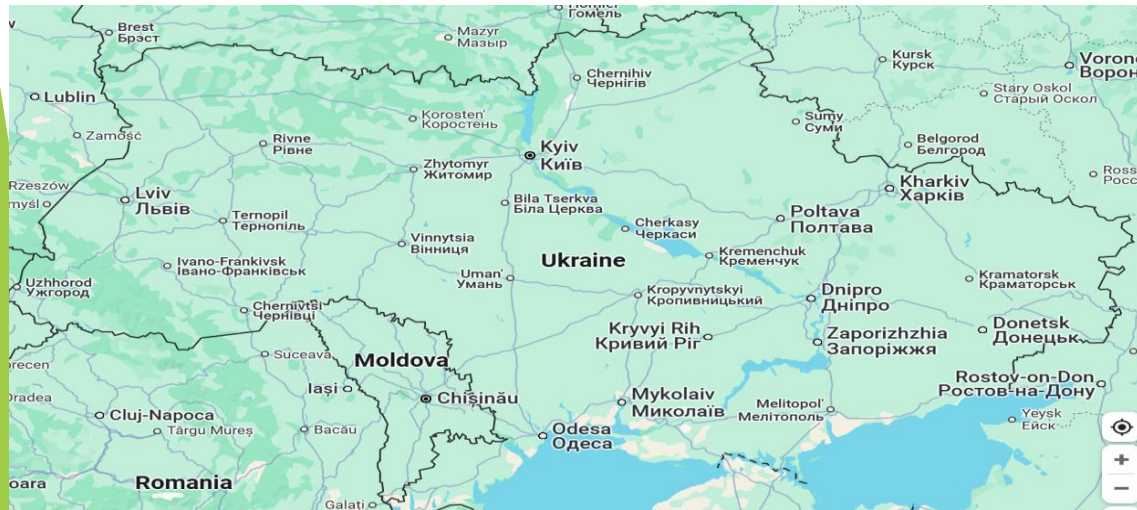
**While President Biden focused on public/private investment in green infrastructure (battery capacity, recycling) and partnerships with allies....**

**President Trump is focused on the building blocks of this technology, namely the raw materials in addition to oil and gas and “going it alone”**

**Though both administrations like tariffs**



# Resource and infrastructure flashpoints



# From a green infrastructure revolution to Drill Baby Drill

**Trump Executive orders include:**

**National Energy Emergency Declaration**

**Establishment of a National Energy Dominance Council**

**Permitting review**

**“It is the policy of the United States:**

**to establish our position as the leading producer and processor of non-fuel minerals, including rare earth minerals, which will create jobs and prosperity at home, strengthen supply chains for the United States and its allies, and reduce the global influence of malign and adversarial states;”**





# Implications of the balance of power

<b>President</b>	<b>House</b>	<b>Senate</b>	<b>IRA Implications</b>
<b>Trump</b>	<b>Republican</b>	<b>Republican</b>	<b>High</b>
<b>Harris</b>	<b>Republican</b>	<b>Republican</b>	<b>High</b>
<b>Trump</b>	<b>Republican</b>	<b>Democrat</b>	<b>Mid</b>
<b>Trump</b>	<b>Democrat</b>	<b>Republican</b>	<b>Mid</b>
<b>Harris</b>	<b>Republican</b>	<b>Democrat</b>	<b>Mid</b>
<b>Harris</b>	<b>Democrat</b>	<b>Republican</b>	<b>Low</b>
<b>Trump</b>	<b>Democrat</b>	<b>Democrat</b>	<b>Low</b>
<b>Harris</b>	<b>Democrat</b>	<b>Democrat</b>	<b>Low</b>



# Republicans are nervous

Congress of the United States

Washington, DC 20515

August 6, 2024

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Speaker Johnson:

As Members of the House Republican Conference, we write to urge you to prioritize business and market certainty as you consider efforts that repeal or reform the Inflation Reduction Act (IRA).

We agree the partisan process of passing the IRA created a deeply flawed bill that will prevent the development of lifesaving cures, empower the IRS to harass small businesses, and distort energy markets. For those reasons, we are proposing a different approach which will unite our party and promote conservative values.

We understand the importance of a healthy and thriving domestic energy sector. American energy dominance increases national security, creates American jobs, and ensures energy independence. We know the U.S produces cleaner energy than anywhere else in the world and has a strong track record of emissions reductions, even before passage of the IRA.

Today, many U.S. companies are already using sector-wide energy tax credits – many of which have enjoyed bipartisan support historically - to make major investments in new U.S. energy infrastructure. We hear from industry and our constituents who fear the energy tax regime will once again be turned on its head due to Republican repeal efforts. Prematurely repealing energy tax credits, particularly those which were used to justify investments that already broke ground, would undermine private investments and stop development that is already ongoing. A full repeal would create a worst-case scenario where we would have spent billions of taxpayer dollars and received next to nothing in return.

Energy tax credits have spurred innovation, incentivized investment, and created good jobs in many parts of the country - including many districts represented by members of our conference. We must reverse the policies which harm American families while protecting and refining those



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Party	Projects	Est. Investment	Est. Jobs
Republican	201	\$106.8 B	77,102
Democrat	115	\$16.4 B	28,029
Unknown	18	\$2.8 B	4,147

Source: E2.org

**“Swing states” including Arizona, Nevada, North Carolina, Michigan, Pennsylvania, Georgia, and Wisconsin are responsible for 48% of the spending according to Massif Capital**

# Thus far, Asian battery manufacturers are the winners

LG Energy Solution Q3 net soars on U.S. demand, tax credits

**215B Won in IRA Credits -> 51% of Q3 Net Profit**

**Panasonic's battery unit benefits from US subsidy as weak EV demand to impact sales**

**86.8B Yen in IRA Credits -> 19% of 2024 Net Profit**

**Samsung SDI outpaces Korean rivals in US tax credits**

**IRA Credits will be announced in 2025 results**



# Disappointing EV sales and battery production

General Motors to Miss EV Production

Target for 2025

**KORE Power kills \$1 billion Arizona EV battery factory plans**

**Ford Cuts Battery Orders as EV**

**Losses Top \$100,000 Per Car**

**Sweden's Northvolt files for bankruptcy**

**FREYR kills plans to build a \$2.6 billion battery factory in Georgia**

Major automakers give up on their goals of exclusively selling electric vehicles by 2030



# Trump's tariff strategy: A timeline

**November 25, 2024: Trump announces plans for 25% tariffs on Mexico and Canada**

**November 30, 2024: Trump threatens 100% tariff on BRIC countries who diversify away from the US Dollar**

**February 1, 2025: Trump announces 25% tariffs on Mexico and Canada with a lower 10% tariff on energy. A 10% tariff on all Chinese goods as announced as well**

**February 3, 2025: A one month pause on Mexico and Canada tariffs**

**February 11, 2025: 25% across-the-board tariffs on aluminum and steel**

**February 13, 2025: Trump signs a measure to match import tariff increases enacted by other countries**



# The impact of tariffs

**According to a paper published by Ahmad Lashkaripour of Indiana University, a 10% tariff rate along with retaliatory tariffs would lower US GDP by 1.1%.**

**A 60% tariff on Chinese imports would raise revenue for the US Government, but mainly as a “stealth tax” on US consumers who would pay more for imported goods. Various sources estimate \$2,500 per family in increased costs per year.**

**Targeted tariffs such as in Section 301 are designed to give domestic producers more time to develop supply chains. These make strategic sense but not economic sense. Graphite is a good case study.**



# China's response

**Export controls on germanium, gallium, antimony, graphite, bismuth, tungsten, indium, tellurium, and molybdenum**

**Drone battery export bans**

**Restriction of lithium extraction technology exports**

**Doubling down on resource deals (Mali, Argentina, Indonesia)**

**Tariffs including 15% on coal and LNG from the US as well as 10% on crude oil and agricultural machinery**

**Anti-monopoly investigations into Nvidia and Google**



# Successes

The US is the largest producer and exporter of LNG and largest oil producer

LithiumAmericas



**Building a domestic lithium supply chain**



**Mining and separating rare earths with a goal of magnet production**



**Producing copper anode foil from recycled batteries and building a CAM facility**



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# Takeaways

**Take a deep breath and don't worry about the energy transition. It's happening with or without the USA**

**Some subsidies are likely to be revoked and grants delayed**

**Control the resources and control the technology – in that order**

**The effectiveness of tariffs is not clear, but they are here to stay and have a limited track record of success**

**This tactic coupled with immigration reform could mean sticky inflation here in the United States**

**What to watch – the fate of Biden-era legislation, tariff rates, the value of the US dollar, interest rates**



**Q & A**

**Thank you for your time today**

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