Remarks by Secretary of the Treasury Janet L. Yellen at Livent in Bessemer City, North Carolina

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Good afternoon. Thank you, Barbara, for the introduction. I'm glad to be here in North Carolina to discuss the Biden Administration's investments in manufacturing and to see firsthand here at Livent the impacts that these investments are having.

I'll start with the broader context. Over the past three years, the Biden Administration has helped drive a historic economic recovery from the pandemic—the most equitable on record. GDP growth and the labor market are strong and inflation is now down substantially from its peak. We learned this week that our economy grew even faster in the third quarter of 2023 than we'd thought: the fastest in any quarter since 2021. That strength isn't just apparent in aggregate statistics. It reflects contributions from consumers consuming more and businesses investing more, as our economy's overall strength is translating to higher real household incomes and inflation cools. Real wages—earnings after inflation—are growing faster this year than they were before the pandemic. This all reflects what we've seen under this Administration: even as we don't put too much weight on a single month or quarter's numbers, a historically fast recovery is settling over time into sustainable growth.

The President and I know there's still more work to do. Higher prices can affect household budgets, and we're using the tools we have to address this in essential areas like energy and health care. We're also tackling structural issues that have posed challenges for decades. Our country has seen slow productivity growth, entrenched income inequality, and regional divergences: Some regions have experienced economic stagnation while others have prospered.
The President and I share a belief that addressing these challenges requires growing our economy from the bottom up and the middle out, not the top down. This underlies the President's economic strategy—what we call Bidenomics. And it aligns with what I've called modern supply-side economics, increasing our long-term productive capacity while broadening economic opportunity across the country and addressing challenges like climate change.

Though we are investing in many parts of our economy, reinvigorating American manufacturing is core to our strategy. The United States lost one-third of our manufacturing jobs between the peak in 1979 and 2019. This is in part due to increases in productivity, trade, and other causes, but it still affected millions of Americans. America's global share of manufacturing also fell. This has meant a tremendous missed opportunity, for American workers and for our country's economic resilience.

So, the Biden Administration is scaling up our domestic manufacturing capacity to reverse the decades-long decline in American manufacturing. But let me be clear: We are not looking backward and trying to recreate the past. We are pursuing policies fit for the American economy in the 21st century. This means investing in the future of manufacturing: rebuilding the sector in a way that's aligned with our current commitments to broaden economic opportunity and address climate change.

Scaling up our domestic manufacturing capacity—particularly in new industries—can help create well-paying, middle-class jobs for Americans across the country. Serving people and places that have too often been left behind unlocks their potential to fuel our country's economic growth. Domestic manufacturing can also help secure our supply chains, reducing our vulnerability to shortages, such as of key medicines and medical equipment, which we saw at the start of the pandemic. And certain manufacturing investments—such as in clean energy technologies—can drive production and innovation to meet the pressing global challenges of our time.

So, today, I want to focus on the Inflation Reduction Act's tax credits for clean energy manufacturing and explain how they are helping us achieve three distinct goals: broadening economic opportunity; bolstering energy security; and propelling us toward a clean energy future.

First, let me describe the credits and the boom in manufacturing we're seeing. The IRA provides tax credits for producing key inputs to the clean energy economy, from components for wind and solar energy, to inverters, battery components, and critical minerals. These credits make it cheaper for companies to invest in new clean energy technologies. And the long-term timeframe over which they'll be available means producers will benefit from not just lower costs but also from increased stability. Before the IRA, producers of clean energy lacked certainty. Important tax incentives routinely had short expiration dates and needed to be reauthorized. With the IRA, clean energy producers and their suppliers can have confidence that their investments in American manufacturing will continue to be good business decisions.

Producers and investors are also indirectly incentivized by other IRA provisions. The IRA's supply-side incentives are complemented by demand-side incentives, including tax credits for purchasing qualifying electric vehicles that will be available at the time of sale starting next year. We expect U.S. demand for EVs to continue to increase under this new structure, fueling the U.S. EV market's rapid expansion. And as demand for EVs increases, manufacturers of battery components, for example, will see even more reason to increase manufacturing capacity to meet it. Growth in battery manufacturing for EVs will also support the production of other manufactured goods, such as cells for handheld devices and electric grid-scale batteries.

These incentives, alongside the Administration's other actions, are working. Spurred on by President Biden's economic plan, America is seeing a renaissance in manufacturing. Since the start of the Administration, private companies have announced $614 billion in manufacturing and clean energy investments, including $142 billion in EVs and batteries and $71 billion in clean energy manufacturing. In just the first year after the passage of the IRA, companies announced plans to build 83 clean energy manufacturing facilities across the country. We're seeing the emergence of a battery belt across the Midwest and South. Capacity in the pipeline increased from around 700 gigawatt-hours before the passage of the IRA to 1,200 this past July. That's a 70 percent increase.

North Carolina has been the site of major developments, including announcements of an $8 billion expansion of battery production lines in Liberty and $165 million for a new lithium-ion battery manufacturing plant in Morrisville. And here in Bessemer, Livent is building on an eighty-year history to create a crucial supply hub for lithium-ion batteries. It has built the first new lithium hydroxide production facility in North America in more than a decade, expanding its U.S. lithium hydroxide manufacturing capacity by 50 percent. This is the country's largest facility, and Livent cites the IRA as a key driver of its investments.

The boom in manufacturing, driven by the IRA's tax credits, is helping us achieve the first goal I mentioned: broadening economic opportunity. Unemployment is already near historic lows, with a larger share of those between 25 and 54 years-old employed than we've seen in 20 years. But this Administration is focused on how to ensure growth and jobs for middle-class Americans for the long term, whether or not they have four-year college degrees. That's where manufacturing comes in. The IRA is creating well-paying jobs for construction workers, mechanics, technicians, electricians, and support staff, in significant numbers.

Key IRA provisions, such as prevailing wage and apprenticeship requirements, mean workers for certain clean energy projects will be fairly compensated and have pathways into these growing industries. Employers will gain access to a stable workforce equipped with the right skills. Upskilling workers is being further supported by the growth of workforce development programs, including Livent's workforce development partnership with Gaston College. And organized labor is powerfully taking action to expand worker protections across the country. I saw the key role that unions play in training workers in these sectors during my visit to the IBEW facility in Las Vegas earlier this year.

Investments are also flowing to where they are most needed. New Treasury analysis shows that 86 percent of IRA-related investments have been in counties with below-average college graduation rates. This trend is supported by other IRA provisions not directly applicable to the manufacturing credits, such as boosts for investments in low-income communities and historic energy communities.

Investments in clean energy manufacturing are also helping achieve a second goal: bolstering our energy security. Our country's energy security is dependent on the resilience of our supply chains. And for too long, the supply of critical raw materials and the manufacturing capacity to process them have been too concentrated beyond our borders. Key supply chains in areas like clean energy are overconcentrated in China, in part due to unfair non-market practices over decades. And overdependence, including on China, makes America more vulnerable to risks that disrupt our access to that foreign production, from natural disasters, to macroeconomic forces, to deliberate actions such as economic coercion. Disrupted access can result in economic disruption and higher prices for American consumers.

So, America must increase efforts to bolster its energy and economic security, which is why the Biden Administration is pursuing far-ranging efforts to shore up our critical supply chains. America benefits from strong relations with our allies and partners. And through what I've called friendshoring, we're seeking to strengthen our economic resilience by diversifying our supply chains across a wide range of trusted allies and partners.

But our long-term energy security also depends on shoring up our domestic manufacturing capacity, which the IRA is now enabling. We see that here in Bessemer, where Livent will source inputs from close partners like Canada and carry out critical processing steps in the U.S., helping automakers meet the IRA's rules for sourcing battery components and critical minerals. And with massive increases in domestic manufacturing capacity, our country will become less dependent on other countries for the inputs we need and we will make great strides toward energy security.

Finally, from batteries, to solar, to wind, increasing domestic manufacturing through the IRA's tax credits is also propelling us forward on the path to a third goal: reaching the clean energy future we need to address and prevent the mounting physical and economic impacts of climate change. President Biden has set ambitious targets of reducing emissions 50 to 52 percent from 2005 levels in 2030 and achieving net-zero by no later than 2050. Meeting these targets depends at least in part on investing in clean energy technologies. And the IRA is the most significant climate legislation in this country's history, helping put us on track.

The IRA is fueling not just investment but also innovation at American companies that will help the whole industry advance. Livent's innovation team is creating cutting edge lithium products to produce smaller batteries that hold more power and provide more range. Today, I was able to see this printable lithium firsthand. And investments at home help bring down the costs of clean energy technologies globally, by as much as 25 percent, driving increased uptake of clean energy technologies and global emissions reduction.

With that, thank you again for having me here today. We're restoring manufacturing to its rightful place as a key driver of the American economy. And we're doing so in a way that meets the needs of the current moment and allows us to take forward some of this Administration's key policy priorities: broadening economic opportunity, securing our supply chains, and achieving our climate goals. It's been only 15 months since the IRA was passed, but we're already seeing tremendous change. It's a testament to President Biden's vision for Investing in America, a ready private sector, and the strength of American workers. In the years ahead, the impacts will increase, serving communities across the country and building our country's long term economic strength so that there are benefits for generations to come.

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