



THE PENINSULA

What the Big Beautiful Bill Means for South Korean Businesses

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President Donald Trump signed the One Big Beautiful Bill Act (OBBBA) into law on July 4 after a series of close-call votes in both the House and the Senate, including a tie-breaking vote by Vice President JD Vance. Outlining the United States' fiscal and budget policies for Trump's second term, it includes termination of subsidies and tax credits benefiting renewable energy projects and purchase of clean vehicles formerly boosted by the Inflation Reduction Act (IRA).

Notably, the OBBB's Chapter 5 is titled "Ending Green New Deal spending, promoting America-first energy, and other reforms," which includes a subsection specifically named "Termination of Green New Deal subsidies." Among other things, this terminates the Section 30D and Section 45W credits, which went toward the purchase or lease of clean vehicles (Section 30D applied to Korean vehicles assembled in America while 45W allowed for leasing Korean-made vehicles).

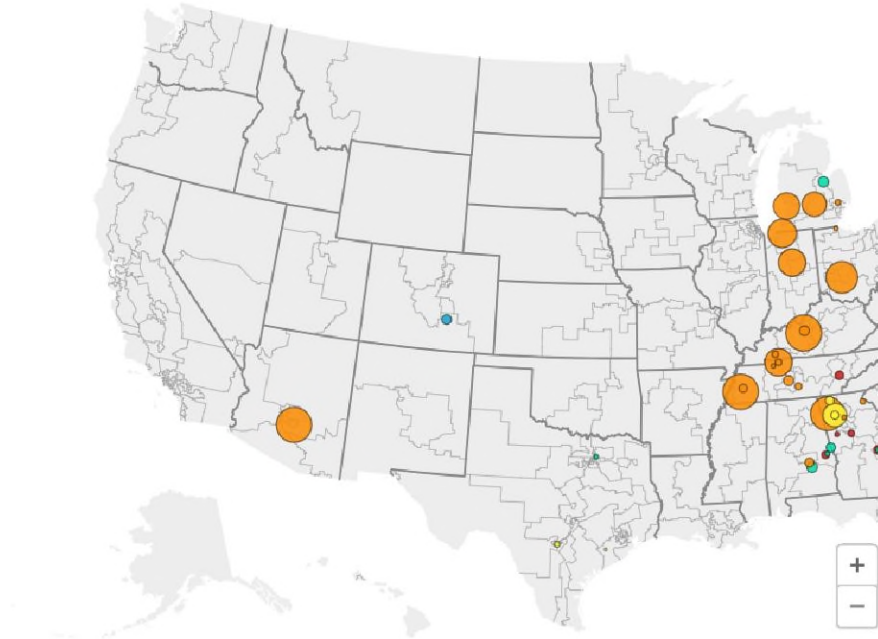
These changes take effect September 30, 2025, while other measures in the bill include a gradual elimination of Section 45X Advanced Manufacturing Production Credits (AMPC) for wind turbine projects produced or sold after December 31, 2027, and termination and phase out of the clean electricity investment and production credits covering wind and solar projects beginning 2028. The bill also removes de minimis exemptions for commercial shipments from all countries entering the United States.

Tax credits to purchase or lease electric vehicles played a big role in the logic behind EV investments in the United States and were a boon to South Korean battery companies (although requiring North American final assembly, the IRA had allowed cathode and anode materials to come from free trade agreement or minerals treaty partners of the United States).

Credits also supported U.S. automakers, which heavily utilize Korean battery products. Wind and solar investments similarly noted manufacturing production credits such as those removed through the OBBB as being a driving factor for the projects. The elimination of IRA subsidies poses some hard questions regarding the continuation of green energy and advanced manufacturing projects in the United States. The change also puts companies on a tight timeline to take advantage of credits, where they exist, before their expiration.

Major Korean Investment Project Announcements Spurred by the IRA

Auto Parts Battery EV Solar Wind



Map: Korea Economic Institute of America. Sources: Company Announcements, Press Releases, The White House, Jack

But Korean businesses may benefit from other aspects of the OBBBA. Tax credits for electric vehicle battery makers, such as the AMPC, which have been eliminated for wind and solar projects, appear to remain in place at least until 2033, after which they will be phased out.

Korean semiconductor firms are also set to receive a boost. Section 70308 of the bill increases the advanced manufacturing investment credit investors make in chips facilities from 25 percent of their qualified investment to 35 percent, amending Section 48D(a) of the U.S. Internal Revenue Code. Moreover, among other shipbuilding measures, Section 20002 of the OBBB sets aside \$29 billion for shipbuilding and the U.S. maritime industrial base, which, depending on the framework for dispersing these funds, could potentially bolster increasing partnerships between the United States and Korea in that area.

But the bottom line is that Korean companies' roles in the U.S. auto and renewable energy landscape are now different today than before the bill. Going forward, future investors may have to recalibrate their business model to account for changes to the U.S. government's role in supporting renewable and automotive technology projects, while others may even reassess their role in the U.S. market altogether. For example, companies that may have priced-in EV purchase credits or wind/solar credits into their expenditure strategies or future planned investments may have to find new ways to navigate. For better or worse, businesses will now have to deal with new principles of the market.

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