

**UNITED STATES – CERTAIN TAX CREDITS UNDER  
THE INFLATION REDUCTION ACT  
(DS623)**

**First Substantive Meeting of the Panel with the Parties  
Closing Statement of the United States  
May 7, 2025**

1. Ms. Chairperson, Members of the Panel, we thank you for your time in this dispute.
2. We encourage the Panel to focus on the precise issue before it in this dispute – China’s allegation that certain aspects of the Inflation Reduction Act are inconsistent with the GATT 1994, the TRIMS Agreement, and the SCM Agreement.
3. China has attempted to confuse the Panel by referring to political issues and other measures which are not at issue in this dispute. The operative legal text of the Inflation Reduction Act is not changed by these issues or other measures. Nor do such political issues or other measures render aspects of the IRA “theoretical”, as China misleadingly suggests.
4. We regret that China has reserved for its second written submission a detailed rebuttal to the U.S. defense on public morals. And based on its response to the panel’s first question this morning concerning the detail of China’s claims, China likewise has not fully presented its claims against the measures at issue. This decision by China limits the ability of the Panel and the United States to consider and respond to any arguments China may make with respect to those issues – and it has unfortunately limited the utility of this meeting.
5. As we await China’s detailed rebuttal and a complete presentation of its claims, we encourage the Panel to continue reviewing the overwhelming evidence that the United States has already submitted regarding China’s non-market policies and practices. That evidence comes from a variety of sources, including international organizations (for instance, the OECD, International Energy Agency), other WTO members (the European Commission), independent research groups (Rhodium Group and Center for Strategic and International Studies), and various news outlets (Wall Street Journal, Financial Times, and more).
6. Far from representing a “grievance narrative” or showing that the United States has “left *itself* behind”, as China suggests, that evidence demonstrates that China has targeted the clean vehicle and renewable energy sectors for dominance – and has largely achieved unprecedented global dominance. In those circumstances, the measures are necessary to protect U.S. public morals of fair competition and others. What is more, as we have explained, China has engaged in a variety of other non-market policies and practices in pursuit of that global dominance, and those policies and practices too violate U.S. public morals.
7. China cannot – and does not – contend that the “same conditions prevail” in China and the United States by addressing the voluminous evidence we have put forward relating to China’s global dominance and its non-market policies and practices. Instead, China now attempts to deflect the Panel’s attention from its massive distortions and non-market policies and practices, to complain about the IRA’s treatment of *other* Members.

8. This argument fails on multiple grounds. First, China has not shown how the “same conditions prevail” in the United States and any other particular Member. Other Members not covered by the IRA have not undertaken actions or commitments equal to those of the United States to address China’s targeting and global dominance of these sectors. Second, China’s argument ignores that the IRA *does* permit content from Canada, Mexico, and other free trade agreement partners to satisfy certain requirements. In addition, the IRA permits additional countries to qualify as ones with which the United States has a free trade agreement in effect.

9. China’s opening statement also remarked on the inapplicability of the GATT exceptions to the SCM Agreement. China’s argument fails, chiefly because it fails to take account of the actual text. The ability to invoke exceptions under Articles XX and XXI of the GATT 1994 for claims under the SCM Agreement is based in clear text. The explicit textual link – in Article 32.1 and footnote 56 of the SCM Agreement – provides a direct link to the GATT exceptions. Further, 24 other references in the SCM Agreement to the GATT 1994 likewise provide strong textual links. The structure of the WTO Agreement and the context it provides, as well as the claims advanced by China under the GATT 1994 and TRIMs Agreement, all demonstrate that Articles XX and XXI of the GATT 1994 apply to the SCM Agreement.

10. In conclusion, the United States reaffirms the arguments made in its First Written Submission and opening oral statement. We look forward to answering your written questions. Once again, we thank the Panel, and the Secretariat supporting you, for your work in this dispute. Thank you.