Tariff Incentives for U.S. Energy & Manufacturing

Challenge:
Meet Growing Energy Demand, Build Domestic Manufacturing

The Trump Administration has rightfully prioritized growing U.S. manufacturing (developing our energy and resources). Electrical infrastructure is essential to these goals, and **U.S. manufacturers are doing their part, investing more than $185 billion in the U.S. to increase domestic manufacturing since 2018.**

While recent trade policies are intended to incentivize increased domestic sourcing and supply chains, companies do not always have domestic sourcing alternatives in the near term, and supply chains do not move overnight. We risk slowing progress in building our energy future and U.S. manufacturing base by imposing tariffs and raising costs for the companies that are investing in their U.S. operations, making products with U.S. sourced materials, and building our power infrastructure.

Solution:
Trade Policy That Accelerates U.S. Energy and Domestic Manufacturing

We urge the Administration to adopt a **Tariff Incentive framework** that aligns trade policy with our national manufacturing and energy objectives. Specifically, we propose a three-pronged approach to **targeted and time-limited tariff incentives that support Administration objectives;** while we onshore essential supply chains:

Capital Investment in U.S. Manufacturing Incentive

A tariff offset equal to any capital investments made to build or expand a domestic manufacturing facility, available for up to three years after the facility is operational.

Grid Infrastructure Incentive

A tariff offset for goods or raw materials used to build or operate our power infrastructure essential to global competitiveness. This includes, but is not limited to substations, on-site generation, distribution equipment, and data centers.

Domestic Manufacturing Incentive

A tariff offset for manufactured goods that meet federal domestic content requirements.

What's at Stake? Investments, Grid Reliability, and Jobs

NEMA projects U.S. electricity demand will increase by 50% by 2050, driven in large part by grid upgrades and AI data centers. Both industries are committed to bringing more production to the U.S. supported by our investment track record and future plans. Tech companies, utilities, and electrical manufacturers have collectively invested $1.4 trillion domestically since 2018 to grow grid and U.S. manufacturing capacity.

$1 Trillion in Future Investment

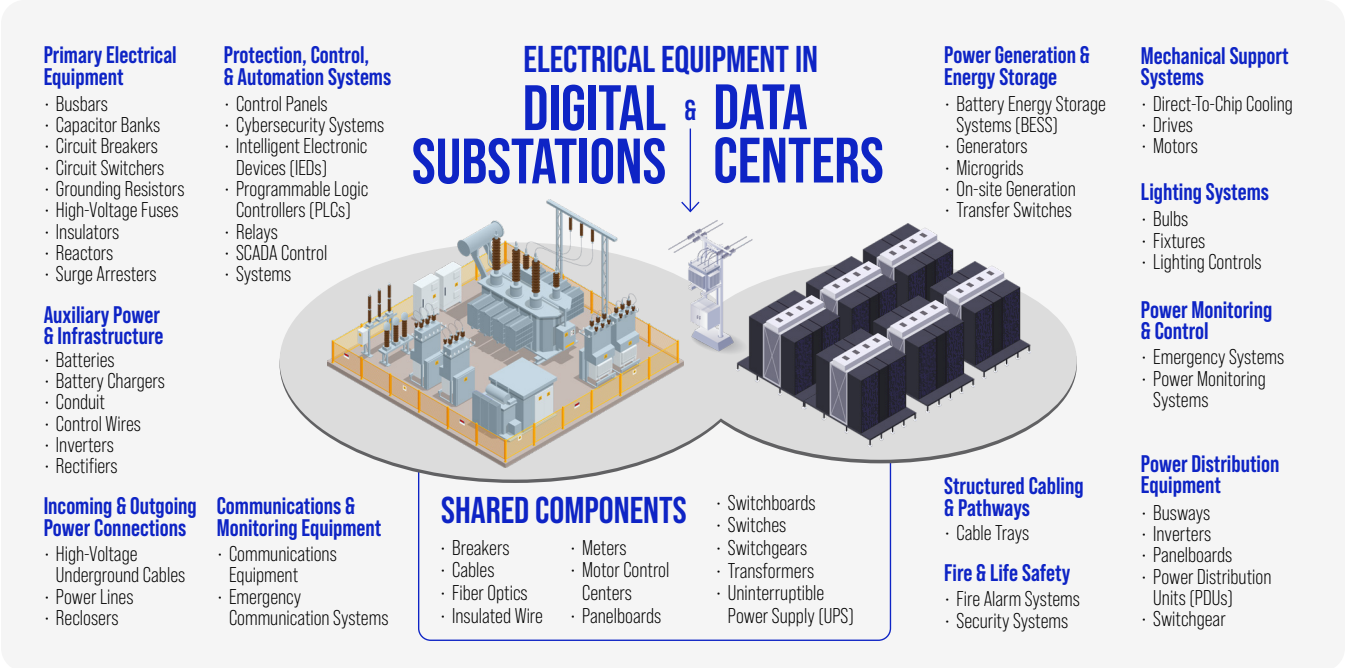
The data center and electrical manufacturing industries are poised to invest over $1 trillion in the U.S. by 2030, but these investments are at risk. Without tariff incentives for U.S. investments, companies will be forced to consider redeployment of investment dollars to pay for unplanned, unbudgeted tariff expenses for items currently unavailable domestically.

High-Performing Grid that Enables Winning the AI Race

Grid investments are needed today to support unprecedented electrical demand growth, driven in the short term by data centers. Next-generation AI technologies are poised to contribute more than $19 trillion to the global economy by 2030, and the U.S. could lead the world in developing this technology.

Jobs

The electroindustry alone contributes more than 1.5 million jobs building the infrastructure that will power America's electrified future. Tariffs on products that are not domestically available risk job cuts to fund these new operating costs.

Equipment Essential to Powering AI

Electrical infrastructure is essential to U.S. manufacturing, grid and AI dominance priorities. A targeted, time-limited tariff policy to reward domestic investment can strengthen American industry, protect the grid, and unleash the full potential of the AI economy. **Electrical equipment comprises more than one-third of an AI data center build.** Below is some of the essential electrical equipment for an energy system and connected society.