

Hyundai Motor plans to accelerate construction of electric car and battery plant in the US

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Hyundai is looking to start the construction of its USD5.54 billion manufacturing facility for electric cars and EV batteries in Georgia, US later this year

South Korean carmaker Hyundai Motor Company looks to speed up the construction of its dedicated electric vehicle (EV) plant in the US amid a new US regulation, the Inflation Reduction Act, that excludes all electric cars that are not built in North America from the tax credits, according to a news report published by Yonhap News Agency on 24 August 2022. The news report cited industry sources who are aware of the new developments at Hyundai.

Hyundai is looking to start the construction of its USD5.54 billion manufacturing facility for electric cars and electric vehicle (EV) batteries in Georgia, US, later this year, with a goal of commencing production in the second half of CY2024, the news report said, citing a source with direct knowledge of the matter.

As per the original plan, Hyundai was planning to begin the construction work on its planned EV and battery plant in early 2023 and begin production in the first half of 2025. According to the Yonhap report, the reconsideration has come after the US cleared its Inflation Reduction Act (IRA) of 2022, which mandates the OEMs seeking tax credits on their EV models to manufacture these EVs in North America.

Significance: It is understood that the new provisions under the IRA 2022 may disqualify the eligibility of nearly 70% of the battery-electric vehicles (BEVs), plug-in hybrid electric vehicles (PHEVs) and fuel cell electric vehicles (FCEVs) on sale in the US market for the approved tax credits, according to the US auto lobby, the Alliance for Automotive Innovation (AAI). Notably, the new law makes all Hyundai and Kia EV models currently sold in the US ineligible for the approved tax credits as the South Korean carmakers produce these models in their home country and import them into the US.

Meanwhile, it is known that Hyundai Motor plans to roll out 17 EV models by 2030, including six Genesis models, and Kia is scheduled to release 14 EVs by 2027. Hyundai Motor, including Kia, stands as the world's fifth-biggest carmaker. The group aims to sell 3.23 million EVs, including 840,000 units in the US, in 2030 to account for 12% of the global EV market.

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