

4 KEY TAKEAWAYS

Recent Tax Incentives to Foster Energy Transition and Their Expected Impact in Energy Projects Worldwide

Kilpatrick's [John Pierce](#) recently joined a panel of other thought leaders from Japan, Switzerland, Brazil, and India to discuss "**Recent Tax Incentives to Foster Energy Transition and their Expected Impact in Energy Projects Worldwide**" at the [Inter-Pacific Bar Association \(IPBA\) Annual Meeting and Conference](#) in Chicago.

Mr. Pierce's presentation focused on energy-related tax credits and subsidies provided in the United States while the other speakers focused on the same matters in their jurisdictions or regions.

Mr. Pierce's takeaways from the discussion include:

1

The policies regarding tariffs broadly, but also country-specific tariffs on Canada and China, have had disruptive and unpredictable impacts on energy supplies and the pricing of energy-related products such as solar panels and polysilicon, rare earth minerals, and crude and refined petroleum.

2

While it may be the case that certain foreign manufacturers are shifting production to the United States, it is hard to know what the impacts will be as these measures take time to be realized. That is, it is too early to know. It may also be hard to separate the impacts of the Inflation Reduction Act (IRA) (that did in-fact stimulate certain investment such as electric vehicle battery and energy storage battery investments) and the present administration policies.

3

U.S. energy exports such as LNG are increasing, primarily to Europe, while propane exports to China are greatly reduced (with some cargoes being diverted to Japan). Chinese exports to the U.S. are declining in most sectors.

4

European energy developers have withdrawn from substantial United States-based energy developments, best represented by the withdrawal from the offshore wind sector by Shell, RWE (a German utility), and Electricité' du France (EDF) with each losing \$1bb or more. These developers and their financiers and suppliers have lost confidence in their ability to develop offshore wind projects in the United States, though some of these projects may not in-fact have been viable.