



Biden's Infrastructure Plan: Implications for Korea

2021.07.16

On 1 July 2021, a new bill was passed in the US House of Representatives entitled *Investing in a New Vision for the Environment and Surface Transportation in America Act* (“**INVEST in America Act**”).

The main purpose is to improve US infrastructure and shift to greener energy.

Key takeaways

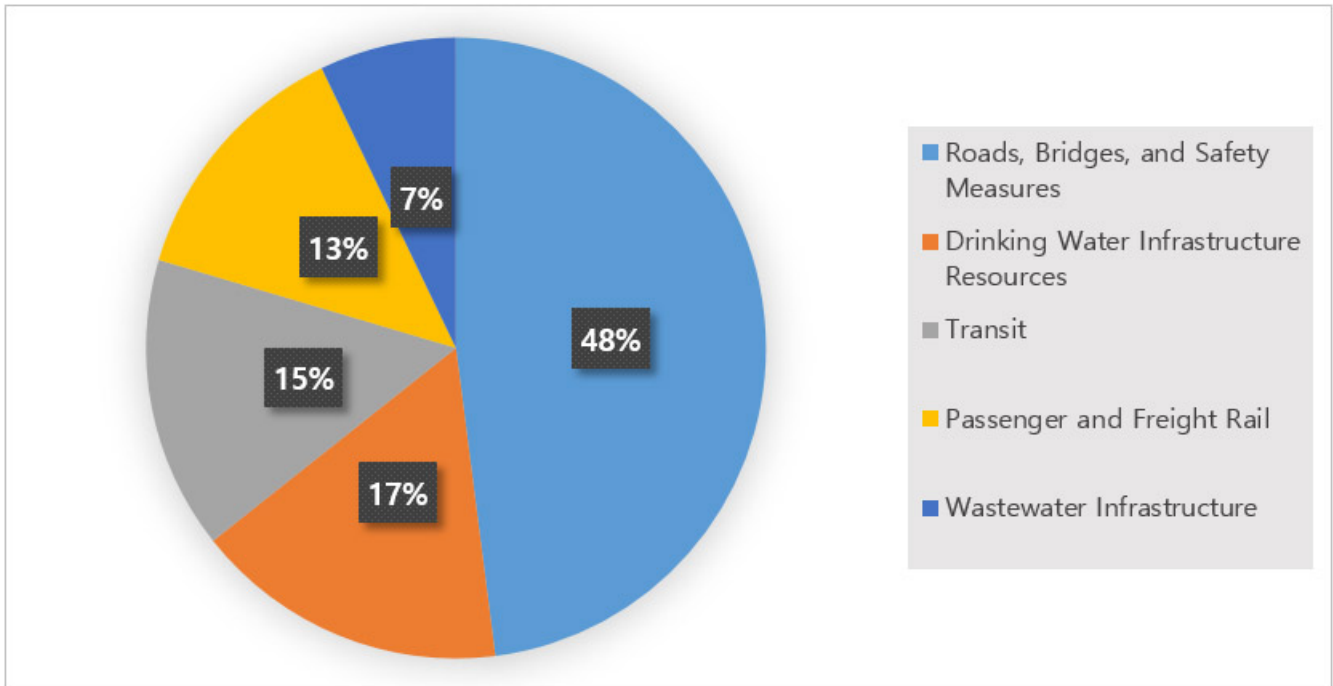
- Opportunities for Korean companies to participate and collaborate with US counterparts.
- Authorizes USD 715 billion to invest in transportation and water infrastructures until FY2026.
- Transportation investment dedicated to improving roads, bridges and safety.
- Water investment allocated to strengthening EPA standards for drinkable water and improving wastewater treatment.

The purpose of INVEST in America Act

The main purposes of INVEST in America Act are:

- Taking the first step towards fulfilling the American Jobs Plan, a proposal to spend USD 2 trillion in improving the US's infrastructure and shifting to greener energy.
- Advancing clean-energy agendas and climate action.
- Expanding access to sustainable passenger rail and public transit services.
- Accelerating the shift to electric vehicles and reducing fossil fuel consumption in the transportation sector.

Breakdown of funding



Source: [2021 Fact Sheet for INVEST in America Act with Water](#) (House Committee on Transportation & Infrastructure)

Implications for Korea

INVEST in America Act will largely be carried out by American workers using American resources due to the *Buy American Act* and the *Buy America Act*. The *Buy American Act* of 1933 requires the US government to prefer domestic materials for public construction unless a waiver has been granted. The *Buy America Act* of 1982 applies only to purchases related to rail or road transportation, such as the construction of highways, railways, or rapid transit systems. Transportation infrastructure projects built with iron, steel, and manufactured products must be built with materials produced in the US.

However, INVEST in America Act's infrastructure projects will have a role for contractors who can provide technology, systems and materials etc. and financial investors, such as Korean national pension funds, to play. Whether it be in renewable energy projects, EVs, financial alternative investments or rolling stock, industries affected by the areas in which INVEST in America Act invests can be expected to be a hotbed for collaboration by US and Korean companies.

Korean investors will generally be subject to the CFIUS review process. CFIUS takes under review in its consideration of investments certain factors that may violate US national security, such as the potential for national security-related effects from the acquisition of US critical technologies and infrastructure, including energy. Accordingly, foreign investment in projects under INVEST in America Act is expected to be subject to strict scrutiny.

The development in the infrastructure plans in the US is paralleled by a similar infrastructure plan in Europe. The

Connecting Europe Facility programme proposed to be worth €30 billion for 2021 to 2027 aims to fund transport, energy and digital projects. It is expected that Korean companies will have many opportunities to participate in the European infrastructure plan. It will be important for Korean companies to analyse the opportunities that will be available not only in the US, but also in Europe and other countries.

Still a way to go

INVEST in America Act still requires to be passed by the US Senate before it can become law. The Senate Budget Committee approval on 13 July 2021 of a “soft” infrastructure package is laying foundations for a possible bipartisan agreement for INVEST in America Act.

[\[Korean version\]](#) 바이든의 인프라 계획: 한국에 대한 시사점

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