

## *2 Korean Battery Makers Settle Dispute*

By Ephrat Livni

The settlement between **LG Energy Solution and SK Innovation** ensures that a battery plant in Georgia will go forward without hampering electric vehicle production.

Two South Korean manufacturers of electric vehicle batteries that are building plants in the United States said on Sunday that they had reached a \$1.8 billion settlement in a trade secrets dispute that threatened the domestic battery supply and, with it, the Biden administration's green agenda.

The announcement came on the day of a deadline set by the United States' trade representative to decide whether to veto an International Trade Commission ruling in the intellectual property case between LG Energy Solution and SK Innovation. The commission's ruling in favor of LG had threatened SK with a ban on supplying batteries in the country and put its facility under construction in Georgia at risk.

The plant, which is still under construction, will supply batteries for electric vehicles for Ford and Volkswagen, and with the settlement agreement, SK is now also free to seek business from other companies.

The dispute had threatened the domestic supply of batteries for electric vehicles. The settlement prevents delays in the development of American electric vehicles and supplies.

**Georgia's politicians, both Democrats and Republicans, had been pressuring President Biden to act on their state's behalf.** Gov. Brian Kemp, a Republican, wrote to the president last month asking him to veto the commission's decision for the sake of Georgia's economy and the thousands of jobs that would be created at the battery plant.

"I congratulate both companies for working through their significant differences to resolve this dispute, which builds confidence in their reliability and responsibility as suppliers to the U.S. auto industry," the trade representative, Katherine Tai, said in a statement on the settlement.

President Biden called the settlement agreement "a win for American workers and the American auto industry" in a statement on Sunday. "A key part of my plan to Build Back Better is to have the electric vehicles and batteries of the future built here in America, all across America, by American workers."

Officials from Ms. Tai's office and elsewhere in the Biden administration had been meeting with the companies, hoping to encourage a deal. Senator Jon Ossoff, Democrat of Georgia, had also worked "intensely" on the mediation, as DealBook reported on Friday.

"A week ago, talks between these companies had stalled and 2,600 Georgia jobs were at risk," Mr. Ossoff said in a statement. The settlement, he said, ensures "thousands of jobs, billions in future investment, and that Georgia will be a leader in electric vehicle battery production for years to come."

As part of their agreement, SK Innovation will give LG Energy Solution a total of 2 trillion won (\$1.8 billion) in lump-sum and royalty payments. They have also agreed to withdraw all pending disputes in the United States and Korea and not assert any new claims for the next 10 years.

In 2013, the Obama administration vetoed a decision by the International Trade Commission in a dispute between Apple and Samsung on public interest grounds. But such disapprovals are rare, and the settlement spared the Biden administration from having to take a position. LG is building a plant in Ohio that will supply batteries for General Motors electric vehicles, and Gov. Mike DeWine of Ohio, a Republican, also wrote to President Biden about the dispute last month, urging the president not to veto the decision, arguing that SK should not be allowed to benefit from "stolen intellectual property" against its state workers.

The trade commission's decision would have excluded SK from the domestic American market while allowing the company to fulfill existing contracts to Ford and Volkswagen. But the plant in Commerce, Ga., is still under construction, and SK expressed hesitation on continuing to build it given that it would be unable to do additional business.

LG countered that SK had overstated its importance to the domestic battery supply and suggested that another company would purchase the plant in Georgia if SK abandoned it. But any disruption to the plans in Georgia could have been a problem for American automakers and the administration, as the international battery supply for electric vehicles is already strained and the administration's green energy transition plans rely on expanding the use and production of electric vehicles.

*Ephrat Livni reports from Washington on the intersection of business and policy for DealBook. Previously, she was a senior reporter at Quartz, covering law and politics, and has practiced law in the public and private sectors.*