

Congress of the United States

Washington, DC 20515

August 28, 2024

The Honorable Lloyd Austin
Secretary
U.S. Department of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000

Dear Secretary Austin:

We write to urge the U.S. Department of Defense (DoD) to immediately place Contemporary Amperex Technology Limited (CATL) on the list required under Section 1260H of the National Defense Authorization Act (NDAA) for Fiscal Year 2021 (Section 1260H List). The Section 1260H List provides transparency on Chinese military companies operating in the United States in order to counter the Chinese Communist Party's (CCP) Military-Civil Fusion (MCF) strategy.

As you are aware, the criteria for placement on the Section 1260H List stipulate that a company must be actively involved in bolstering Beijing's military ambitions and contributing to MCF – while also operating in the United States. CATL squarely fits these requirements. Not only has Congress repeatedly exposed CATL's nefarious activities in the United States, DoD has sounded the alarm on the dangers of CATL operating on military bases, due to the company's deep ties with the CCP. CATL's placement on the Section 1260H List is long overdue and justified.

CATL's connections to the CCP, and its armed wing, the People's Liberation Army (PLA), are extensive and obvious. A Foundation for Defense of Democracies (FDD) report revealed that CATL, thanks to preferential treatment by the CCP, has enjoyed "subsidies, tax incentives, favorable procurement deals, and additional policy benefits."¹ These benefits propelled CATL toward its massive 37.5 percent share of the global electric vehicle (EV) battery market, which the company boasted about on X just last month.²

CATL's success can be traced to its founder and top shareholder, Zeng Yuqun's ardent endorsement of the CCP, and General Secretary Xi Jinping's reciprocal "joy" in response to CATL's growth.³ Zeng is a graduate of the Chinese Academy of Sciences, a state-directed entity closely tied to the PLA and the MCF ecosystem. CATL's rise to fame, and overwhelming share of the EV market, draw several parallels to Huawei's control of global telecommunications

¹ <https://www.fdd.org/analysis/2023/10/23/beijings-power-play/>

² https://twitter.com/catl_official/status/1817756222889849151

³ <https://www.bloomberg.com/news/articles/2023-03-07/xi-jinping-views-top-ev-battery-maker-catl-with-joy-and-worry>

networks, thanks to its favorable status with Beijing. Of note, Huawei is one of many Chinese entities listed on the Section 1260H List.

Much like other entities included on the 1260H List, CATL's success is integral to the long-term success of Beijing's MCF strategy. As the PRC moves to power PLA military bases, and the Chinese economy writ large, with renewable energy, CATL has positioned itself to become the primary supplier of the PLA's battery infrastructure. Additionally, the PLA Navy's conventional submarine fleet could soon be powered by lithium-ion batteries – a transition that is possible due to the advancement of the PRC's EV market led by CATL.⁴

CATL's central role in the CCP's MCF strategy is further illuminated by the company's close alignment and partnership with several companies already included on the Section 1260H List. For example, in December 2023, CATL announced a formal partnership with China Mobile, a company identified as a Chinese-military company by the DoD.⁵

We appreciate the DoD's attention to the dangers of CATL thus far. Earlier this year, the CATL battery installed as part of the BESS system at Camp Lejeune was rightly removed. The Navy has stated it will proactively "procure American or allied-supplied batteries" for its military installations.⁶ However, these isolated actions are not sufficient. The DoD must act to ensure that CATL batteries play no role on U.S. military installations, as Congress demanded in the Fiscal Year 2024 National Defense Authorization Act, which bans the DoD from procuring from various PRC-connected battery technology companies, including CATL.⁷

CATL's ambitions to make the United States dependent on CCP-controlled energy infrastructure extend beyond the U.S. military. The company has sought to spread its reach through partnerships with major U.S. companies. CATL's website confirms the company has an official presence in Delaware. In Michigan, despite facing backlash from Congress and stakeholders, Ford Motor is resuming construction of its factory that will make batteries using CATL technology.⁸ CATL has also announced a substantive battery energy storage system that will be developed and deployed in Texas.⁹

U.S. policymakers have a duty to stand in resolute opposition to any effort by America's adversaries that threatens our national and economic security. By including CATL on the Section 1260H List, the DoD would not only safeguard America's military infrastructure from exposure to the PLA, it would also send a powerful signal to U.S. companies that are currently weighing partnerships with CATL.

⁴ <https://asiatimes.com/2022/10/power-play-chinas-submarines-going-lithium/>

⁵ <https://www.catl.com/en/news/6193.html>

⁶ <https://www.military.com/daily-news/2024/04/11/navy-says-no-more-chinese-batteries-after-lawmakers-raise-concerns-about-camp-lejeune-power-system.html>

⁷ <https://www.congress.gov/bill/118th-congress/house-bill/2670/text/rds>

⁸ <https://www.wsj.com/business/autos/ford-downsizes-plan-for-michigan-battery-factory-citing-slower-ev-demand-2c11bb68>

⁹ <https://www.catl.com/en/news/5997.html>

CATL's extensive connections to the PLA and the CCP's MCF strategy demonstrate that this company fits the criteria for inclusion on the Section 1260H List. We expect that the DoD will act quickly to add CATL to this list and diligently enforce measures to prevent the U.S. military from any further exposure to CATL systems.

We appreciate your prompt response and attention to this important matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Rubio', with a stylized, cursive script.

Marco Rubio
U.S. Senator

A handwritten signature in blue ink, appearing to read 'John Moolenaar', with a cursive script.

John Moolenaar
Member of Congress