

February 13, 2023

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
1000 Independence Avenue NW
Washington, D.C. 20585

The Honorable Pete Buttigieg
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue SE
Washington, D.C. 20590

Dear Secretaries Yellen, Granholm, and Buttigieg:

I write to convey concern over today's announcement of a licensing agreement between Ford Motor Company ("Ford") and Contemporary Amperex Technology Co. Limited ("CATL"), a People's Republic of China (PRC)-based and regime-supported battery manufacturer that commands one-third of the global electric-car battery market.¹ In particular, I am alarmed at Ford's plan to establish a large, Michigan-based factory, structured as a wholly owned subsidiary that licenses its technology from CATL.² As such, I write to request a Committee on Foreign Investment in the United States (CFIUS) review of the licensing agreement, as well as demand that no federal funds – especially monies or tax credits granted via the *Inflation Reduction Act* (P.L. 117-169) – go to enrich PRC national champion CATL, or any other Beijing-supported company, directly or indirectly.

As you are aware, the Chinese Communist Party (CCP) has not hidden its ambitious goals when it comes to developing and weaponizing its industrial capacity. In 2015, Beijing published its Made in China 2025 plan, which specifically identified electric vehicles (EV) as a target industry to dominate within the decade. In particular, the CCP has worked to fund and develop EV battery technologies,³ taking steps to ban foreign-made batteries from the market and striving to monopolize critical input processes, such as phosphoric acid production, in their industrial sector.

As you are also aware, even nominally private Chinese companies enjoy rich state support from Beijing, as well as important controls on their ownership. These firms are also obliged by numerous CCP policies and laws to support the regime's objectives. CATL is no

¹ <https://www.nytimes.com/2021/12/22/business/china-catl-electric-car-batteries.html>

² <https://www.cnbc.com/2023/02/13/ford-ev-battery-plant-china-catl.html>

³ <https://www.rubio.senate.gov/public/files/Rubio-China-2025-Report.pdf>

exception. As described in a 2021 *New York Times* report, “Chinese government officials made sure CATL’s business stayed in Chinese hands. They created a captive market of battery customers. And when CATL needed money, they doled it out.”⁴ As a result, CATL today is the world’s largest EV battery producer,⁵ guaranteeing powerful ties with automakers anxious to respond to incentives from federal governments around the world toward shifting away from internal-combustion engines.

The deal announced today will reportedly leave ownership of the plant and land on which it is constructed in Ford’s hands, while CATL will own and supply critical technology involved, including lithium iron phosphate cathodes, via a licensing agreement.⁶ The exact structure of this arrangement has yet to be reported, but policymakers should be clear-eyed about one takeaway: if Chinese companies like CATL are able to exploit both Chinese and United States incentives for battery and EV technology through clever corporate arrangements, then there is no use in investing federal funds toward industrial development in the first place. Taxpayer dollars should never be used to support PRC champions.

To that end, I request that CFIUS conduct a review of Ford’s and CATL’s licensing deal and ownership structure of the plant announced today, as well as request answers to the following questions, in writing, within 30 days:

1. Is the Biden Administration considering awarding any federal monies or credits, including any distributed through the *Inflation Reduction Act*, to Chinese state-supported entities, including CATL, either directly, through joint ventures, or indirectly through recipients licensing technology from state-supported Chinese entities?
 - a. Will the Biden Administration commit not to award any such monies or credits?
2. To what degree has CATL relied on United States research and development in its own battery production?
 - a. To what degree has it acquired United States research and development through illicit means?
3. Does CATL provide equipment, technology, or other services to the PRC government?
4. Does CATL provide equipment, technology, or other services to the People’s Liberation Army, the People’s Armed Police, or any other security body controlled by the CCP?
5. Has CATL acquired any assets through a transaction that is reviewable under the CFIUS?
6. Has CATL ever been implicated in forced labor or child labor?
7. To what degree will CATL have equity in, ownership over, or other forms of control over Ford’s planned subsidiary and the factory?

⁴ <https://www.nytimes.com/2021/12/22/business/china-catl-electric-car-batteries.html>

⁵ <https://www.scmp.com/business/china-business/article/3205675/who-powers-worlds-evs-china-has-6-top-10-ev-battery-makers-60-cent-market-share-led-catl-and-warren>

⁶ <https://subscriptions.theinformation.com/newsletters/the-electric/archive/the-electric-ford-risks-political-heat-with-a-deal-to-make-chinese-batteries-on-u-s-soil>

As your departments no doubt agree, under no circumstances should the Biden Administration be considering providing federal support to Chinese manufacturers, including PRC national champions – and especially not when American F-22s are being deployed in real time to shoot down Chinese spy balloons.

Thank you for your attention to this matter. I look forward to your prompt response.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Rubio', with a stylized flourish at the end.

Marco Rubio
U.S. Senator