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ONE HUNDRED EIGHTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6115

Majority (202) 225-3641

Minority (202) 225-2927

September 1, 2023

Mr. James D. Farley, Jr.
President and Chief Executive Officer
The Ford Motor Company
1 American Road
Dearborn, Michigan 48126

Dear Mr. Farley,

We write to learn more about Ford Motor Company's (Ford) partnership with Contemporary Amperex Technology Co., Limited (CATL) and Ford's agreement with CATL concerning the Blue Oval Battery Park Michigan (the Plant).

Earlier this year, Ford announced it would invest \$3.5 billion to construct a lithium iron phosphate battery plant in Marshall, Michigan.¹ According to Ford, Ford's wholly owned subsidiary will manufacture the battery cells using Chinese company CATL's technology and services.²

While Ford has labeled this project a "commitment to American manufacturing"³ and asserts it will create 2,500 new American jobs, we are concerned that Ford's partnership with a Chinese company could aid China's efforts to expand its control over United States electric vehicle supply chains and jeopardize national security by furthering dependence on China. Many others have voiced similar concerns. For example, Virginia Governor Glenn Youngkin declined to incentivize location of this facility in Virginia due to concerns about Ford serving as a "front" for China.⁴ One expert who recently testified before the Committee's Subcommittee on

¹ Ford Media Ctr., *Ford Taps Michigan for New LFP Battery Plant; New Battery Chemistry Offers Customers Value, Durability, Fast Charging, Creates 2,500 More New American Jobs*, Feb. 13, 2023, <https://media.ford.com/content/fordmedia/fna/us/en/news/2023/02/13/ford-taps-michigan-for-new-lfp-battery-plant-new-battery-chemis.html>.

² *Id.*

³ *Id.*

⁴ See Gregory S. Schneider, *Youngkin Says He Blocked Ford Battery Plant on China Concerns*, WASH. POST, Jan. 13, 2023, <https://www.washingtonpost.com/dc-md-va/2023/01/13/youngkin-virginia-ford-battery-china/>.

Oversight and Investigations indicated that should tensions between the United States and China escalate, CATL could pause its cooperation in this project.⁵ Additionally, Members learned at this hearing that Chinese companies often supply their own workers to projects in Latin America and Africa,⁶ reinforcing fears that CATL will import workers for this facility rather than creating jobs for United States workers.

Reports also indicate that the desire to exploit federal incentives to promote domestic manufacturing and electric vehicle supply chains, particularly tax credits in the Inflation Reduction Act (IRA), factored heavily into this arrangement between Ford and CATL, raising questions about the nature and structure of this partnership. The Department of Treasury has not released guidance on how it will enforce certain IRA restrictions.⁷ However, some have speculated that Ford and CATL structured their agreement in a manner to maximize IRA tax credit eligibility. As *Forbes* reports, “Ford will operate the plant through a wholly owned subsidiary, entitling the company and its customers to the full tax benefits allotted by the IRA.”⁸ The *New York Times* also writes that Ford’s licensing of CATL’s technology for the plant, rather than forming a joint venture as automakers and battery suppliers often do, increases the likelihood that the batteries produced in Michigan will qualify for the IRA tax credits.⁹ Reportedly, Ford officials stated they had discussed this facility with members of the Biden administration and “were confident that the facility would qualify for all the law’s benefits.”¹⁰

We seek to learn more about whether this partnership, and others like it, will potentially exacerbate our reliance on China. Should China gain control of domestic electric vehicle production, the United States would be exposed to serious national security risks at a time of escalating geopolitical tensions. To assist in our oversight of this matter, we respectfully request that you provide the following documents by September 18, 2023:

1. A copy of the complete licensing agreement between Ford and CATL, including any appendices, amendments, or addenda.

⁵ *Growing the Domestic Energy Sector Supply Chain and Manufacturing Base: Are Federal Efforts Working?* Hearing Before the Subcomm. on Oversight and Investigations of the H. Comm. on Energy and Commerce, 118th Cong. (2023) (statement of Diana Furchtgott-Roth, Director, Center for Energy, Climate, and Environment, the Heritage Foundation, and Adjunct Professor, George Washington University).

⁶ *Id.* (exchange between Morgan Griffith, Chair, Subcommittee on Oversight and Investigations, and Ms. Furchtgott-Roth).

⁷ See, e.g., David E. Bond et al., *US Treasury Department Publishes Proposed Guidance on Clean Vehicle Tax Credits*, WHITE & CASE, Apr. 18, 2023, <https://www.whitecase.com/insight-alert/us-treasury-department-publishes-proposed-guidance-clean-vehicle-tax-credits>.

⁸ See Brendan Ahern, *Ford’s “CATL” Call: Its New EV Battery Partner, the Controversy, & How to Invest*, FORBES, Apr. 3, 2023, <https://www.forbes.com/sites/brendanahern/2023/04/03/fords-catl-call-its-new-ev-battery-partner-the-controversy--how-to-invest/?sh=7d03312b5ea1>.

⁹ Ana Swanson & Jack Ewing, *Lawmakers Challenge Ford and Chinese Battery Partner Over Forced Labor*, N.Y. Times, July 21, 2023, <https://www.nytimes.com/2023/07/21/business/economy/ford-china-battery-catl.html>.

¹⁰ *Id.*


2. All documents and communications exchanged between Ford officers or employees and officials, appointees, employees, contractors, or consultants of the United States government referring or relating to Ford and CATL's partnership and eligibility for tax credits and federal incentives.

Additionally, please answer the following questions by September 18, 2023:

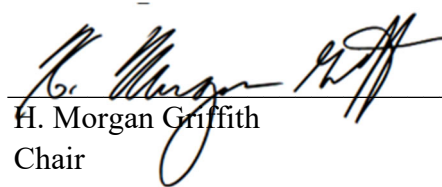
1. Did Ford consider making a similar investment in a partnership with a non-Chinese company? If so, why did Ford ultimately decide to partner with CATL? If not, why did Ford not consider other partners?
2. How many CATL employees will CATL supply to the Facility?
3. What steps did Ford take to prevent or limit CATL's ability to halt production unilaterally, such as at the direction of the Chinese government?

Thank you for your cooperation with this matter. Should you have any questions about this request or providing a response, please contact Majority Committee staff at (202) 225-3641.

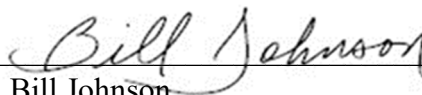
Sincerely,



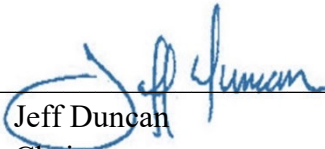
Cathy McMorris Rodgers
Chair
Committee on Energy and Commerce



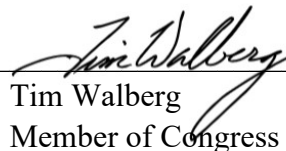
H. Morgan Griffith
Chair
Subcommittee on Oversight and
Investigations



Bill Johnson
Chair
Subcommittee on Environment,
Manufacturing, and Critical Materials



Jeff Duncan
Chair
Subcommittee on Energy, Climate, and
Grid Security



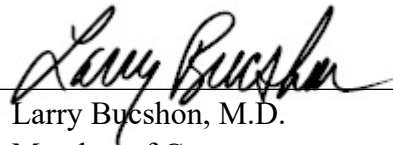
Tim Walberg
Member of Congress



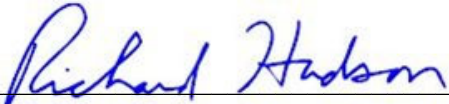
Robert E. Latta
Member of Congress



Gus M. Bilirakis
Member of Congress



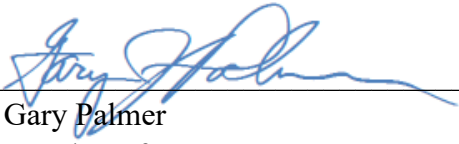
Larry Bucshon, M.D.
Member of Congress



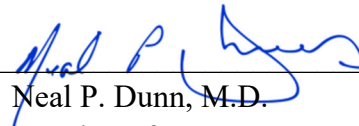
Richard Hudson
Member of Congress



Earl L. "Buddy" Carter
Member of Congress



Gary Palmer
Member of Congress



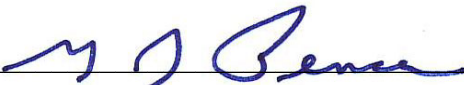
Neal P. Dunn, M.D.
Member of Congress



John Curtis
Member of Congress



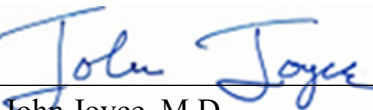
Debbie Lesko
Member of Congress



Greg Pence
Member of Congress



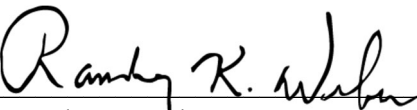
Dan Crenshaw
Member of Congress



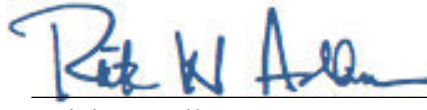
John Joyce, M.D.
Member of Congress



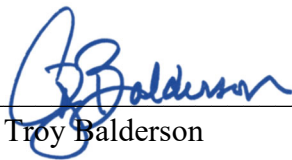
Kelly Armstrong
Member of Congress



Randy K. Weber
Member of Congress



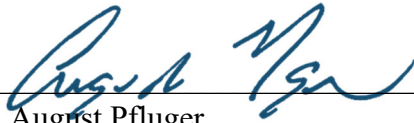
Rick W. Allen
Member of Congress



Troy Balderson
Member of Congress



Russ Fulcher
Member of Congress



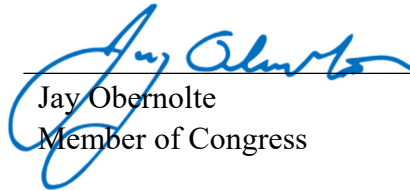
August Pfluger
Member of Congress



Mariannette Miller Meeks, M.D.
Member of Congress



Kat Cammack
Member of Congress



Jay Obernolte
Member of Congress