

STATEMENT

As a state senator, Corrupt Curtis Hertel signed a non-disclosure agreement in order to negotiate a secret taxpayer-funded \$175 million gift to a Chinese-owned electric vehicle battery plant, near a US military installation, here in Michigan.

Verification

On September 28, 2022, Curtis Hertel Jr. Voted In Favor Of SB 844. (SB 844, [Roll Call #464](#), Passed: 25 – 8, Hertel Voted Yea, 9/28/22)

Roll Call No. 464		Yeas—25	
Ananich	Hertel	McCann	Stamas
Bayer	Horn	Moss	VanderWall
Bizon	Huizenga	Outman	Victory
Brinks	LaSata	Polchanski	Wojno
Bullock	Lauwers	Schmidt	Wozniak
Bumstead	MacDonald	Shirkey	Zorn
Daley			
Nays—8			
Barrett	Irwin	McBroom	Runestad
Chang	Johnson	Nesbitt	Theis

(SB 844, [Roll Call #464](#), Passed: 25 – 8, Hertel Voted Yea, 9/28/22)

SB 844 included \$846 Million To The Strategic Outreach And Attraction Reserve Fund (SOAR). (SB 844, [Roll Call #464](#), Passed: 25 – 8, Hertel Voted Yea, 9/28/22)

(3) ONE-TIME APPROPRIATIONS	
<i>Bauserman v unemployment insurance agency settlement agreement</i>	\$ 20,000,000
Critical industry program	100
Downtown placemaking grant	12,000,000
Economic development and workforce grants	240,000
Infrastructure improvement grant	7,500,000
Michigan community development financial institution fund grants	(75,000,000)
Michigan community development financial institution fund grants	75,000,000
Michigan enhancement grants	800,000
Michigan strategic site readiness program	100
Municipal information technology and cybersecurity upgrades	2,500,000
Strategic outreach and attraction reserve fund	846,100,000
Workforce and infrastructure grant	27,000,000

(SB 844, [Roll Call #464](#), Passed: 25 – 8, Hertel Voted Yea, 9/28/22)

In September 2022, The Michigan Legislature Approved SB 844, A \$1 Billion Spending Plan With One-Time Appropriations Of \$846 Million For The Strategic Outreach And Attraction Reserve Fund (SOAR). “The MSF board specifically approved a \$50 million Strategic Site Readiness Program grant and a \$125 million Critical Industry Program grant. The money for those grants will come from the state’s Strategic Outreach and Attraction Reserve (SOAR) Fund. The Michigan Legislature last week approved a \$1 billion spending plan with \$846 million going to the SOAR Fund.” (Kalea Hall, “State board Oks \$715 tax incentives for Gotion’s Big Rapids battery parts plant,” [The Detroit News](#), 10/5/22)

- **Both Of The Republican Led Chambers Passed The \$1 Billion Spending Plan For SOAR.** “The GOP-run Senate voted 33-0 in favor of a small education spending plan and 25-8 on the roughly \$1 billion supplemental budget bill negotiated with Democratic Gov. Gretchen Whitmer that includes money to prepare land for new manufacturing facilities...The Republican-led House passed the education budget bill 78-26, with 25 Republicans opposing; and the chamber

passed the \$1 billion spending bill 76-28, with 26 Republicans opposing.” (Beth LeBlanc and Craig Mauger, “Amid GOP pushback, Michigan Legislature Oks \$1B spending plan targeting biz incentives,” [The Detroit News](#), 9/28/22)

The Funding For The Gotion Grants Is From The Strategic Outreach And Attraction Reserve. “The \$175 million in grant funding is made possible through new programs the state Legislature created at the end of 2021 to spur economic development in the state. ‘History is being made,’ MEDC CEO Quentin L. Messer Jr. said after the incentives were approved. ‘We look forward to updated progress and thank you so much for affording us this opportunity.’ The MSF board specifically approved a \$50 million Strategic Site Readiness Program grant and a \$125 million Critical Industry Program grant. The money for those grants will come from the state’s Strategic Outreach and Attraction Reserve (SOAR) Fund.” (Kalea Hall, “State board Oks \$715 tax incentives for Gotion’s Big Rapids battery parts plant,” [The Detroit News](#), 10/5/22)

- **The Grants And Incentives Include \$175 Million In State Grants For Gotion, And A Property Tax Exemption Granted By The Board For The Michigan Economic Development Corporation, Which Will Save The Company \$540 Million Over A 30-Year Period.** “The Michigan Strategic Fund board on Wednesday approved a Renaissance Zone tax exemption request and \$175 million in state grants for Chinese-owned Gotion Inc. to build a \$2.4 billion electric vehicle battery parts facility on the outskirts of Big Rapids. The property tax exemption granted by the board for the Michigan Economic Development Corp. will save the company \$540 million over a 30-year period, according to estimates. The approval comes after three local government boards last week unanimously approved the Renaissance Zone request for the project that’s expected to create 2,350 jobs over the next decade.” (Kalea Hall, “State board Oks \$715 tax incentives for Gotion’s Big Rapids battery parts plant,” [The Detroit News](#), 10/5/22)

Gotion Has Received “Great Support” From Governor Gretchen Whitmer, But Republican Majorities Opened The Door To Taxpayer Funding For Gotion By Allotting \$715 Million In Cash And Tax Incentives. “We have gotten great support from the director of EGLE and Gov. (Gretchen) Whitmer,’ Thelen told the Big Rapids Pioneer earlier this month. ‘It has been a very collaborative process and supported greatly by the townships and the county.’ Last legislative session, Republican majorities opened the door to taxpayer funding of the Chinese company by allotting \$715 million in cash and tax incentives. Democrats are now walking through it by appropriating the funds this session.” (Kyle Olson, “MI-funded battery maker mandates allegiance to ‘Constitution of the Party of China,’ company bylaws say,” [The Midwesterner](#), 3/22/23)

The Funding For Gotion Was Supported By The Michigan Democratic Party. “The investment follows parallel confirmation that Gotion Inc., a Chinese-owned battery maker, plans to invest \$2.3 billion to build a battery components plant in Big Rapids that would create 2,350 new jobs with an average hourly wage of nearly \$30 an hour. Internally dubbed “Project Elephant,” the Gotion project is expected to receive a \$125 million grant from the state’s critical industry fund and \$50 million from the Strategic Site Readiness program. [...]” (ICYMI: Thanks to Governor Whitmer’s Bipartisan Leadership, \$4 Billion in Investments and Thousands of Jobs Are Coming to Michigan, [Michigan Dems](#), 10/6/22)

In October 2022, Gotion Announced Plans To Spend \$2.36 Billion On A Battery Components Plant In Big Rapids, Michigan. “Global battery manufacturer Gotion announced plans Wednesday to spend \$2.36 billion on a battery components plant in Big Rapids, creating 2,350 new jobs. Gov. Gretchen Whitmer called it ‘the biggest ever economic development project in Northern Michigan’ and said the plant further cements the state’s position as a leader in electric vehicle manufacturing. Gotion is based in China. The company works on research, development, production and sale of lithium ion batteries used in a variety of vehicle applications.” (Ryan Jeltema, “Gotion announces plans for \$2.36 billion battery component plant in Big Rapids,” [ABC 12 News](#), 10/5/22)

In March 2023, The Democratic-Led House Appropriations Committee Authorized, Without Republican Support, The Transfer Of \$585 Million In State Funding To Support Gotion And Two Other Battery Factories. “Lawmakers on Wednesday authorized the transfer of \$585 million in state funding to support three new multibillion-dollar electric vehicle battery factories in Michigan. The Democratic-led House Appropriations Committee supported the

incentives on a 16-12 party-line vote, with Republicans opposed.” (David Eggert, “Lawmakers authorize \$585 million for Ford, Gotion, Our Next Energy EV battery plants in Michigan,” [Crain’s Detroit Business](#), 3/15/23)

The Funding Included \$175 Million To Support Gotion’s Nearly \$2.4 Billion EV Battery Factory, \$125 Million Of Which Is A Grant To Gotion And \$50 Million Is For The Right Place Inc., A Regional Economic Development Organization. “\$175 million to support Gotion Inc.’s nearly \$2.4 billion, 2,350-job EV battery factory near Big Rapids. Of that, \$125 million is a grant to Gotion and \$50 million is for The Right Place Inc., a regional economic development organization based in Grand Rapids, to make infrastructure upgrades in support of the project. The MSF in October also awarded China-based Gotion a 30-year tax break worth \$540 million.” (David Eggert, “Lawmakers authorize \$585 million for Ford, Gotion, Our Next Energy EV battery plants in Michigan,” [Crain’s Detroit Business](#), 3/15/23)

The Democrat-Controlled Senate Appropriations Committee Must Also Approve The Project. “The Democratic-controlled Senate Appropriations Committee also must approve the transfer before the money can be disbursed. The state’s economic development board previously blessed the spending.” (David Eggert, “Lawmakers authorize \$585 million for Ford, Gotion, Our Next Energy EV battery plants in Michigan,” [Crain’s Detroit Business](#), 3/15/23)

In April 2023, A Michigan Senate Committee Gave Final Legislative Approval To Allocate \$175 Million In State Funds To A Factory Planned By Chinese Manufacturer Gotion. “LANSING, Mich. (AP) — A Michigan Senate committee gave final legislative approval to allocate \$175 million in state funds to a factory planned by Chinese manufacturer Gotion in northern Michigan that proponents say will create thousands of jobs and be a boon for the local economy.” (Joey Cappelletti, “Michigan committee gives \$175 million for EV battery plant,” [Associated Press](#), 4/20/23)

Michigan Awarded Gotion Inc. A \$715-Million Incentive Package, Including A 30-Year Tax Break Valued At \$540 Million And Grants Totaling \$175 Million. “Michigan has awarded the investment a \$715-million incentive package, including a 30-year tax break valued at \$540 million and grants totaling \$175 million.” (Rose White, “Hundreds rally at Michigan horse farm to oppose Gotion battery plant,” [Michigan Live](#), 4/22/23)

Curtis Hertel Jr.’s Brother, Senator Kevin Hertel, Voted In Favor Of The Funding

Kevin Hertel Is Curtis Hertel Jr.’s Brother. “Term-limited State Rep. Kevin Hertel is trying to jump to the state Senate next year after serving three terms representing St. Clair Shores as a Democrat in the 18th House District. If elected in November, he’ll be the second Hertel to serve in the Senate after his brother, Curtis Hertel, Jr., who is currently serving his final term. Their father, Curtis Hertel, Sr., was also the Michigan House speaker from 1993 to 1994.” (Isaac Constans, “3 Things to Know About Rep. Kevin Hertel, Candidate for Michigan’s 12th Senate District (Mount Clemens, St. Clair Shores, Grosse Pointe, New Baltimore, Harper Woods),” [The Gander](#), 10/20/22)

Senator Kevin Hertel Reportedly Voted In Favor Of The Funding. “Democratic state senators Sarah Anthony, Sean McCann, Kristen McDonald Rivet, John Cherry, Sue Shink, Kevin Hertel, Darrin Camilleri, Veronica Klinefelt, Mallory McMorro and Mary Cavanagh all voted yea to get the funding passed.” (J.P. Isbell, “How Michigan’s Senators Voted on Gotion Funding,” [Michigan News Source](#), 4/25/23)

- **NOTE:** The vote appears to [have occurred](#) on 4/20/23. There does not appear to be recorded journal for votes for committees in Michigan. Video from the committee hearing can be [found here](#). The votes begin at 57:40. Senator Hertel votes at 57:59 while looking at his phone.

Senator Hertel Voted In Favor Of The Transfer Request To MEDC, Legislative Transfer Request 2023-1. ([Michigan Senate Appropriations](#), Legislative Transfer Request 2023-1, Passed: 10-9, Hertel voted Yes, 4/20/23) Minute: 57:59

STAFFER SIGNED NDA

Then Chief Of Staff For Former Senator Curtis Hertel Was Among The Staffers Who Signed An NDA With The MEDC In 2021. “Brinks’ chief of staff, Kathleen O’Reilly Farhat, was among the staffers who signed an NDA with the MEDC in 2021, when she still worked as chief of staff

for Democratic former Sen. Curtis Hertel, who is now Whitmer's legislative director.” (Beth Leblanc, “How Michigan Uses Code Names, Ndas To Keep Business Incentive Talks Secret,” [The Detroit News](#), 2/6/23)

In February 2023, The Detroit News Reported That A Battery Maker's Plans To Build A Sprawling Plant Near Big Rapids Required 36 Non-Disclosure Agreements With Legislative Staff, Executive Branch Employees And The Elected Officials Tasked With Awarding Nearly \$800 Million In Tax Incentives. “A battery maker's plans to build a sprawling plant near Big Rapids required 36 non-disclosure agreements with legislative staff, executive branch employees and the elected officials tasked with awarding nearly \$800 million in tax incentives, state records show.” (Beth Leblanc, “How Michigan Uses Code Names, Ndas To Keep Business Incentive Talks Secret,” [The Detroit News](#), 2/6/23)

The Detroit News Claimed That The NDAs Showed Culture Of Secrecy Surrounding The Negotiations For Corporate Subsidies For Such Companies, Including Gotion. “The records, released to The News four months after they were requested, give a glimpse into the culture of secrecy surrounding the negotiations for corporate subsidies for such companies as General Motors Co., Ford Motor Co. and the battery maker, Gotion, an American subsidiary of a Chinese company. The Legislature has appropriated \$1.8 billion to the Strategic Outreach and Attraction Reserve (SOAR) fund since creating the program a little more than a year ago and has transferred about \$826.9 million so far to provide first-of-its-kind cash assistance to corporations promising the creation of jobs.” (Beth Leblanc, “How Michigan Uses Code Names, Ndas To Keep Business Incentive Talks Secret,” [The Detroit News](#), 2/6/23)

The Michigan Economic Development Corporation Said The NDAs Were “Necessary To Maintain Confidentiality And Protect Information That The MEDC Needs To Consider For A Company Seeking Taxpayer Assistance. “It's not clear how many lawmakers in the four months since the Gotion deal was finalized have signed additional non-disclosure agreements related to SOAR. Michigan Economic Development Corp. CEO Quentin Messer said the NDAs for government officials are necessary to maintain confidentiality and protect information that the MEDC needs to consider for a company seeking taxpayer assistance — information that could be used by a competitor “in a negative fashion” if released publicly. Businesses are making “bet the company” investments and can't risk premature disclosure, he said.” (Beth Leblanc, “How Michigan Uses Code Names, Ndas To Keep Business Incentive Talks Secret,” [The Detroit News](#), 2/6/23)

CHINESE COMMUNIST PARTY TIES

While Gotion Inc. Is Located In California, Its Parent Company — Gotion High-Tech — Is Based In China, Which Critics Have Said Could Present A National Security Threat. “While Gotion Inc. is located in California, its parent company — Gotion High-tech — is based in China, which critics have said could present a national security threat. The pushback comes at a time when U.S. lawmakers are considering a ban of TikTok due to its Chinese connections and concerns over data security.” (Joey Cappelletti, “Michigan Committee Gives \$175 Million For EV Battery Plant,” [Associated Press](#), 4/20/23)

Gotion Inc.'s Parent Company, Gotion High-Tech, Is Based In China, Where Companies Are Facing Increased Pressure To Work In Sync With The Chinese Communist Party (CCP). “Gotion Inc. is a U.S.-based company, but its parent company, Gotion High-Tech, is based in China, where companies are facing increased pressure to work in sync with the Chinese Communist Party (CCP). Critics say Michigan shouldn't take the risk of allowing a battery company with ties to China to set up shop here, working in the critical Electric vehicle realm.” (Paula Gardner, “Gotion Controversy Tests Longstanding Michigan-China Economic Ties,” [Michigan Bridge](#), 4/19/23)

As Recently As July 2022, The Articles Of Association For The Group's Parent Company, Gotion High Tech, Require That The Company “Carry Out Party Activities In Accordance With The Constitution Of The Communist Party Of China.” “Thelen's submission comes as at least two other government bodies say they've filed requests with the committee for national security risk reviews of the project amid concerns over the company's links to China. As recently as July 2022, the articles of association for the group's parent company, Gotion High Tech, require that the company ‘carry out party activities in accordance with the constitution of

the Communist Party of China.” (Beth Leblanc, “Chinese Battery Parts Maker Submits To Federal Review For Big Rapids Project,” [The Detroit News](#), 4/5/23)

It Is Difficult To Distinguish Between What Is Private And What Is State-Owned In China. “Chinese domestic laws and administrative guidelines, as well as unspoken regulations and internal party committees, make it quite difficult to distinguish between what is private and what is state-owned.” (Ashley Feng, “We Can’t Tell If Chinese Firms Work For The Party,” [Foreign Policy](#), 2/7/19)

Under Chinese Law, All Chinese Organizations Are Required To ‘Maintain National Security.’ “The National Security Law requires all parties, including citizens, state authorities, public institutions, social organizations, and enterprises, ‘to maintain national security.’” (Ashley Feng, “We Can’t Tell If Chinese Firms Work For The Party,” [Foreign Policy](#), 2/7/19)

Under The National Intelligence Law Of 2017, Every Chinese Organization Or Citizen Must Support, Assist, And Cooperate With National Intelligence Work. “The National Intelligence Law of 2017 was an important milestone. It instructs every organization or citizen to support, assist, and cooperate with national intelligence work, building upon the legal framework set forth by both the national security and cybersecurity laws.” (Ashley Feng, “We Can’t Tell If Chinese Firms Work For The Party,” [Foreign Policy](#), 2/7/19)

Gotion’s Founder Li Zhen Is A Former Chinese Government Employee And Participant In The Local Communist Government Leadership. “Aside from that as a requirement for doing business in China, the company’s founder, Li Zhen, is a former government employee and participant in the local communist government leadership. According to Moomoo Technologies, he was ‘a researcher at the Economic Research Center of the Hefei Municipal Government,’ and a ‘delegate to the 13th, 14th, and 15th sessions of the Hefei Municipal People’s Congress.’” (Kyle Olson, “MI-Funded Battery Maker Mandates Allegiance To ‘Constitution Of The Party Of China,’ Company Bylaws Say,” [The Midwesterner](#), 3/22/23)

Zhen Has Experience In Chinese Government Agencies And Recounted An Interaction With Chinese President Xi Jinping Regarding Electric Vehicle Batteries. “A video posted in 2015 by Gotion shed more light on Li Zhen’s access and influence in the CCP. The Gotion founder says, ‘I used to work in the government and also have experience in government agencies.’ He recounted an interaction with communist dictator Xi Jinping while Li showed off the company’s electric bus technology, ‘When President Xi visited Hefei last time, I introduced to him about the battery we provided for JAC’s electric vehicle,’ and touted the growth in battery capacity.” (Kyle Olson, “MI-Funded Battery Maker Mandates Allegiance To ‘Constitution Of The Party Of China,’ Company Bylaws Say,” [The Midwesterner](#), 3/22/23)

Gotion Is An American “Subsidiary” Of The Chinese Corporation, And Therefore The Mandates To Promote And Grow The Communist Party Could Be A Requirement At The Big Rapids Operation. “Gotion, which is headquartered in Hefei City in the Anhui Province of China, has hired a Big Rapids-area man named Chuck Thelen to serve as its American representative for the foothold in the state. He performs media interviews and interacts with government officials. The company’s corporate filing with the Michigan Department of Licensing and Regulatory Affairs calls Gotion a “foreign profit corporation” with an American beachhead established in Fremont, California. The LARA filing undermines the notion that the company is an American ‘subsidiary’ of the Chinese corporation as some have claimed. In other words, the mandates to promote and grow the communist party ‘at the grass-roots level of the Company’ would likely be a requirement at the Big Rapids operation, which the company says could employ 2,350 people.” (Kyle Olson, “MI-Funded Battery Maker Mandates Allegiance To ‘Constitution Of The Party Of China,’ Company Bylaws Say,” [The Midwesterner](#), 3/22/23)

HOUSING CHINESE NATIONALS

Chuck Thelen, Gotion Global Vice President, Confirmed In Conversations With The Big Rapids Township Treasurer, That The Company Would Bring 200 To 300 Chinese Nationals To Initiate The Start-Up Of The Battery Plant. “In an email to the Pioneer, Big Rapids Township treasurer Penny Currie stated that during a meeting in October, she spoke with Gotion Global Vice President Chuck Thelen regarding the question of bringing in Chinese nationals for the initial startup. ‘He (Thelen) voluntarily acknowledged the company would bring 200 to 300

Chinese nationals to our area to initiate the startup of the plant, citing that they would have the necessary extensive knowledge to initiate the beginning stages of the plant,' Currie said. 'When asked where these folks would live, he simply stated 'we would build housing for them.' When we questioned where, he ceased talking about the topic.'" (Cathie Crew, "Ferris State President, Township Treasurer Speak Up About Housing Gotion Battery Workers," [Big Rapids News](#), 3/26/23)

Nearby Ferris State University Was Proposed As A Housing Site For The Chinese Nationals Working For Gotion. "Currie said shortly after the meeting, they were made aware of the suggestion that Ferris State University could house them. When the question was posed to Thelen regarding that possibility, she said, his answer was that FSU would do whatever necessary to partner with Gotion." (Cathie Crew, "Ferris State President, Township Treasurer Speak Up About Housing Gotion Battery Workers," [Big Rapids News](#), 3/26/23)

The President Of Ferris State University, Bill Pink, Serves As Board Vice-Chair For The Right Place, Which Facilitates Economic Development Deals, Including The Gotion Plant. "FSU stands to gain more jobs for students, graduates, and possibly taxpayer funding for a new EV center through a grant, according to a memo. According to FSU's website, Pink serves as board vice-chair for The Right Place, which facilitates economic development deals, including the Gotion plant. FSU might back the Gotion plant because it could drive additional grants for the university. An FSU memo said a Michigan Economic Development Corporation grant targets shifting Michigan's workforce from internal combustion engines to electric vehicles. The memo said the first-year award would total \$659,500. The memo said the grant would fund a battery production and testing center at FSU. 'First, the center will curate a clearinghouse of expertise to develop the battery production and testing workforce within West Michigan,' the memo said. 'We will share this curriculum with partnering community colleges and sister universities. The center will also focus on applied research areas essential to the safe production of lithium batteries, a key technology for the future of the automotive industry.'" (Scott McLallen, "Ferris State University Responds To Gotion Controversy," [The Center Square](#), 3/27/23)

FOREIGN AGENTS REGISTRATION ACT CONCERNS

In April 2023, Former U.S. Ambassadors Peter Hoekstra And Joseph Cella Called For An Investigation Of Gotion, Inc. And Michigan Officials For Violation Of The Foreign Agents Registration Act (FARA). "Former U.S. Ambassadors Peter Hoekstra and Joseph Cella are calling on the U.S. Department of Justice to conduct an investigation of Gotion Inc. and Michigan officials for potential violations of the Foreign Agents Registration Act. Gotion Inc. has ties to a parent company based in China, and is attempting to build a electric vehicle battery parts manufacturing facility in Mecosta County. Total state and local incentives for the project, dubbed 'Project Elephant,' stand at \$1.14 billion. (Bruce Walker, "Former Ambassador's Request Foreign Agent Review Of 10 Gotion 'Engagements.'" [The Center Square](#), 4/5/23)

The Ambassadors State That There Is An Attempt By Michigan Officials To "Lobby, Advocate, And Solicit" For A Battery Manufacturer With Ties To The Chinese Communist Party (CCP). "In a letter addressed to U.S. Assistant Attorney General for National Security Matthew Olsen, Hoekstra and Cella wrote, 'As former ambassadorial colleagues well aware of the adversarial engagements of the People's Republic of China (PRC) and the Chinese Communist Party (CCP) throughout the World, we are writing to you with grave concern over possible violations of the Foreign Agents Registration Act, 22 U.S.C. 611 (FARA), involving the ongoing attempt by parties in the State of Michigan to lobby, advocate, and solicit for the presence of a particular lithium ion battery manufacturer based in the PRC, that maintains ties to the CCP, the Chinese People's Political Consultative Conference (CPCC), and the United Front Work Department (UFW), and request you review these engagements and take any appropriate action.'" (Bruce Walker, "Former Ambassador's Request Foreign Agent Review Of 10 Gotion 'Engagements.'" [The Center Square](#), 4/5/23)

- Hoekstra was a U.S. ambassador to the Netherlands from 2018 and 2021, and previously served 10 years on the U.S. House of Representatives Intelligence Committee. "Hoekstra was a U.S.

ambassador to the Netherlands from 2018 and 2021, and previously served 10 years on the U.S. House of Representatives House Intelligence Committee during his tenure as a Representative for Michigan's 2nd congressional district from 1993 to 2011. Cella was an ambassador to Fiji, Kiribati, Nauru, Tuvalu and Tonga from 2019 to 2021.” (Bruce Walker, “Former Ambassador’s Request Foreign Agent Review Of 10 Gotion ‘Engagements.” [The Center Square](#), 4/5/23)

RELIANCE ON PRODUCTS SOURCED FROM CHINA

Overall Battery Imports Increased In 2022, With The Third Quarter Of 2022 Seeing An 88 Percent Increase In Battery Imports From The Year Prior. “Demand for electric vehicles, energy storage systems and consumer electronics continues to drive U.S. lithium-ion battery imports to ever higher levels, especially products sourced from China. Overall battery imports in the third quarter of 2022 hit 156,801 tonnes, jumping 88% from a year ago and 6% from this year's second quarter, according to data from Panjiva, the supply chain research unit of S&P Global Market Intelligence. The ninth consecutive quarterly increase for lithium-ion battery imports comes amid ongoing concerns over global battery supply chain risks and a wave of foreign investments into new domestic factories, supported by manufacturing incentives in the Inflation Reduction Act of 2022.” (Garret Hering And Anna Duquiatan, “US Books 9th Consecutive Quarter Of Rising Battery Imports, Fueled By China,” [S&P Global](#), 12/13/22)

- **Contemporary Amperex Technology, BYD Company Ltd., And Gotion High-Tech Co. Ltd., Accounted For 76 Percent Of Lithium-Ion Batteries Shipped Into The United States.** “China, home to major manufacturers including Contemporary Amperex Technology Co. Ltd., known as CATL, BYD Company Ltd. and Gotion High-tech Co.Ltd., accounted for 76.3% of lithium-ion batteries shipped into the United States in the third quarter, according to Panjiva. CATL, the world's largest lithium-ion battery maker, shipped to several U.S. energy storage customers during the period, including Ameresco Inc. and affiliates of NextEra Energy Inc. and Fluence Energy Inc.” (Garret Hering And Anna Duquiatan, “US Books 9th Consecutive Quarter Of Rising Battery Imports, Fueled By China,” [S&P Global](#), 12/13/22)
- **Heavy Reliance On Chinese Produced Batteries Can Become A National Security Issue, As China Will Have Dominance Over The Supply Chain Of These Products.** “At present, State-backed Chinese companies dominate the world’s Li-ion supply chain from end to end (i.e., upstream and downstream). Considering the increasingly tense relations with Beijing over the past years, European countries and the US are wary of the risks that continued reliance on China for Li-ion batteries entails. The ongoing Russian invasion of Ukraine has further highlighted the risks associated with dependence on authoritarian states for critical resources. In both the EU and the US, the need to develop domestic lithium-ion battery supply chains is emerging as a national security concern. As the ‘battery arms race’ is showing no sign of cooling down, it is therefore imperative to assess the effectiveness of the EU and US strategies to the risks posed by China’s dominance over the global Li-ion battery supply chain.” (Zack Nhan, “Challenging Chinese Dominance Over Lithium Batteries – The EU And US Responses,” [Institute For Security & Development Policy](#), 5/30/22)

MICHIGAN NATIONAL GUARD ARMORY SECURITY ISSUES

Joseph Cella, The Director Of The Michigan-China Economic Review Group, Noted That The Proposed Gotion Plant Would Be Close To A Michigan National Guard Armory.

“Gotion is owned by Gotion High-Tech, which is owned by Volkswagen and Nanjing Gotion Holding Group Co., Ltd, among other partners. Joseph Cella, director Michigan-China Economic and Security Review Group, told lawmakers on March 15 that Gotion’s parent company is headquartered in the People’s Republic of China and that its proposed plant would be close to a Michigan National Guard armory.” (Scott McClallen, “Ferris State University Responds To Gotion Controversy,” [The Center Square](#), 3/27/23)

Gotion’s Plant Is Slated To Be Built At The Big Rapids Industrial Park. “The relationship with Big Rapids Township is still being built and I have high confidence that very soon, hopefully, they will be included in the overall plans. I do hope, and I do expect and have high confidence, that we will have the relationship with the Big Rapids Township much better cemented. It is just not there

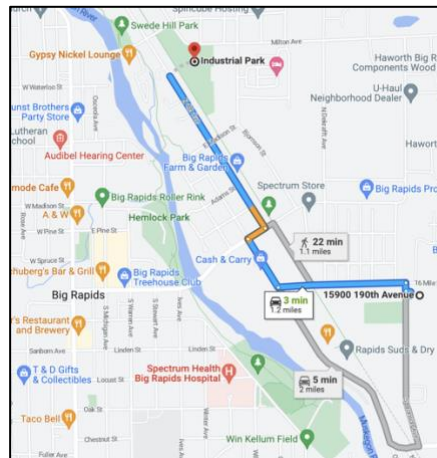
yet.’ Thelen said he understands there is apprehension about the project and questions that board members feel have not been answered properly, but he believes it will require some de-escalation of the situation to make them feel more comfortable about the project. ‘I am going to do my part in that,’ he said. ‘I am going to have conversations one-on-one with some of the board members and see what is bothering them or what questions they might have and answer them to the best of my ability.’ He said they would prefer to have the industrial park property included in the development because that would alleviate some of the wetland mitigation they would have in the Green Charter Township property, making everybody happier.’” (Cathie Crew, “BREAKING: Big Rapids Township May Still Be Part Of Gotion Battery Plant Project,” [Big Rapids News](#), 3/2/23)

The Michigan National Guard Armory Is Located At 15900 190th Ave., Big Rapids, Michigan 49307. (Locations, [Michigan Army National Guard](#), Accessed 3/29/23)



(Locations, [Michigan Army National Guard](#), Accessed 3/29/23)

Per Google Maps, The Industrial Park And 15900 190th Ave., Big Rapids, Michigan, Are Located Within 3 Miles Of Each Other. (Google Maps, Accessed 6/19/23)



(Google Maps, Accessed 6/19/23)