

The background of the cover features a dramatic scene of lightning bolts striking a city at night. The lightning is bright white and blue, creating a stark contrast against the dark blue and purple sky. The city lights are blurred in the background, suggesting a distant or high-angle view. The overall mood is one of power, energy, and potential danger.

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OVERCHARGED: THE HIDDEN COSTS OF CATL'S STOCK EXCHANGE AMBITIONS

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EXECUTIVE SUMMARY

CATL (Contemporary Amperex Technology Co. Limited) is one of the world's [largest lithium-ion battery manufacturers](#), playing a pivotal role in China's electric vehicle (EV) battery supply chain. Despite its commercial prominence, CATL has come under intense [scrutiny](#) for its ties to the Chinese Communist Party (CCP), in particular the People's Liberation Army (PLA), and China's Military-Civil Fusion (MCF) strategy. In January 2025, the U.S. Department of Defense (DoD) designated CATL as a "[Chinese Military Company Operating in the United States](#)," highlighting national security concerns over its affiliations and the potential military applications of its technology.

CATL's corporate risk profile extends beyond its government-backed advantages, political ties, and embedded CCP influence. The company's achievements in EV battery technology are reported to be paving the way for [Chinese military submarine upgrades](#), and it maintains research collaborations with [Chinese universities](#) linked to China's [intelligence apparatus and MCF initiatives](#). Additionally, CATL operates under Chinese laws which require [compliance](#) with state intelligence-gathering efforts and government [data access](#), raising concerns over its potential role in espionage and supply chain vulnerabilities.

CATL has also been [implicated in forced labor and human rights abuses](#) in Xinjiang, with U.S. lawmakers — including the now-Secretary of State — calling for its inclusion on the Uyghur Forced Labor Prevention Act (UFLPA) Entity List. The company has documented ties to sanctioned paramilitary organization XPCC and suppliers implicated in forced labor practices, deepening concerns over its ethical and legal standing.

Despite these material risks, major American financial institutions are sponsoring or otherwise facilitating CATL's Hong Kong [secondary listing](#), estimated to raise [up to \\$7.7 billion](#). Prominent investors continue to pour capital into CATL, inadvertently supporting a company entangled with human rights abuses and military activity. Meanwhile, the U.S. Government is [signaling concern](#) over the role American investors and financial institutions are playing in bolstering China's military ambitions, with a recent Presidential National Security Memorandum highlighting how China is "increasingly exploiting United States capital to develop and modernize its military, intelligence, and other security apparatuses."

The serious disparity between U.S. national security priorities and Wall Street's financial decisions creates a critical vulnerability which adversaries can exploit — furthering their strategic goals with our investment dollars.

INTRODUCTION

CATL (Contemporary Amperex Technology Co. Limited, 宁德时代) is one of the world's largest manufacturers of lithium-ion batteries, primarily for electric vehicles (EVs) and energy storage systems. Headquartered in Ningde, Fujian province, CATL supplies batteries to major automakers, and plays a key role in China's dominance of the EV battery supply chain.

In January 2025, the U.S. Department of Defense (DoD) added CATL to its list of "[Chinese Military Companies Operating in the United States](#)." Although this designation has been challenged by the company, CATL has nonetheless been associated with key Chinese Communist Party (CCP) organizations, PLA-linked institutions, and the CCP's Military-Civil Fusion (MCF) strategy. CATL is reportedly [considering legal action](#) over its inclusion on the Pentagon blacklist.

CATL'S CORPORATE RISKS

Experts have [highlighted](#) CATL's close relationship with the Chinese government, which has led to “subsidi-
es, tax incentives, favorable procurement deals, [...] additional policy benefits,” and “preferential access
to government contracts.” This includes [almost \\$400 million in government support in the first half of 2023](#).

CATL's founder and chairman, Zeng Yuqun, has long been a member of the Chinese People's Political
Consultative Conference (CPPCC), serving on both the [13th](#) and [14th](#) National Committee's of the CPPCC.
At the 14th (and current) National Committee, he serves as the [vice chairman of the All-China Federation
of Industry and Commerce](#) (ACFIC). The ACFIC is “[led by the Communist Party of China](#)” and works to
integrate and align private sector enterprises to serve “the overall interests of the Party and country.” At a
[CPPCC session attended by Xi Jinping](#), Zeng was first to speak, stating that CATL stood for 37% of the global
power battery market. Hearing of this development, Xi remarked that he was “pleased.”

With China's Military-Civil Fusion (MCF) strategy centered on leveraging civilian advancements for
military use, support and funding for CATL could inadvertently support the People's Liberation Army
(PLA). The PLA has equipped [dozens of its most remote border defense outposts](#) with battery storage
systems [similar to those developed by CATL](#). Meanwhile, [researchers at the Naval Submarine Academy
have proposed](#) fitting lithium-ion batteries in their submarines, replacing the currently used lead-acid bat-
teries. Concerns about fire and explosion risks from using lithium-ion batteries in submarines have been
addressed through advancements in China's EV battery sector, where CATL is the industry leader. CATL
has also partnered with multiple Chinese universities (e.g. [Tsinghua University, Zhejiang University, and
Xiamen University](#)) which are [reportedly](#) “closely tied to China's MCF initiatives and intelligence services.”

As a Chinese company listed on a Chinese exchange, CATL is bound by certain regulations and laws which
elevate its material risks. Of note are the following;

- The China Securities Regulatory Commission (CSRC) requires, in its [Corporate Governance
Guidelines for Listed Companies](#), companies like CATL to establish CCP cells within their corpo-
rate structures, which is confirmed in [CATL's own corporate filings](#);
- Article 7 of [China's National Intelligence Law](#) obligates companies like CATL to “support, assist,
and cooperate with state intelligence efforts,” which could include sharing any and all data with
Chinese intelligence agencies or government officials;
- China's [2016 Cybersecurity Law](#) further obligates network operators to store certain data within
mainland China and allows Chinese authorities to conduct spot-checks on any company's
network operations, with [vague terminology and a lack of official compliance guidelines](#) poten-
tially broadening the government's regulatory powers.

CATL has also been accused of ties to forced labor and other human rights abuses, prompting U.S. law-
makers including John Moolenaar (R-MI) and then-Senator Marco Rubio (R-FL) to [call for its inclusion](#)
on the Uyghur Forced Labor Prevention Act (UFLPA) Entity List. This list, managed by the Department of
Homeland Security, restricts imports from entities linked to forced labor in Xinjiang unless they can prove
otherwise.

CATL is [linked](#) to the Xinjiang Production and Construction Corps (XPCC), a paramilitary organization
[sanctioned by the U.S. Treasury](#) and [placed on the Entity List by the Department of Commerce](#) for its in-
volvement in severe human rights abuses and the use of forced labor against ethnic minorities in Xinjiang.
This connection stems from a tier-one supplier relationship, raising concerns about the presence of forced

labor in CATL's supply chain. Additionally, CATL is associated with several suppliers, including BTR New Material Group and Xinjiang Joinworld, which have been flagged for potential forced labor risks in raw material sourcing and production processes involving Uyghur and other minority groups.

A HONG KONG LISTING PRESENTLY UNDERWAY

While CATL is already listed on the Shenzhen stock exchange ([300750.SZ](#)), the company has recently [filed for a secondary listing in Hong Kong](#), with Morgan Stanley [estimating that the listing could raise up to \\$7.7 billion](#). For comparison, in 2023, the Hong Kong Stock Exchange hosted 66 IPOs, [whose combined deal value was approximately \\$5.7 billion](#). Despite being added to the U.S. DoD 1260H blacklist, several American financial institutions are sponsoring or otherwise facilitating CATL's Hong Kong listing. These include¹ J.P. Morgan and Bank of America, which have been appointed as joint sponsors, as well as Goldman Sachs and Morgan Stanley, whose exact role has been redacted in CATL's corporate disclosures.²

By underwriting, investing in, or providing financial services to such a company, these U.S. institutions risk supporting human rights abuses, bolstering Beijing's military ambitions, and enabling supply chain infiltration that threatens American national security. There is a troubling disparity between the U.S. Department of Defense, which seeks to counter China's military expansion, and U.S. financial institutions which continue to facilitate access to capital for Chinese firms linked to these and other corporate security and human rights concerns. This glaring inconsistency can be exploited by adversaries to strengthen their militaries using U.S. and allied investment capital.

CATL'S SHENZHEN LISTING AND CURRENT WESTERN INVESTMENT

On June 11, 2018, [CATL went public on the Shenzhen Stock Exchange \(300750.SZ\)](#). Since then, it has received substantial investments from Western investors, today valued in the billions of dollars. These investments include major American asset managers, as well as state-run investment funds of close American allies, including Norway's sovereign wealth fund and the Canadian national pension plan investment fund.

The graphic below showcases a selection of prominent investors and the investment values of their held shares. Local branches of American asset managers are, for the purposes of this report, considered part of their parent companies.

¹ It is important to note that the appointees in question are local, Hong-Kong based branches, namely: J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, Merrill Lynch (Asia Pacific) Limited (also referred to as Bank of America Securities in the [filing](#)), Goldman Sachs (Asia) L.L.C., and Morgan Stanley Asia Limited.

² CATL has also appointed the American law firm Kirkland & Ellis as legal advisor, specifically their Hong Kong branch.

INVESTOR NAME	Value (USD)
BlackRock BlackRock Investment Management (UK) Ltd. BlackRock (Singapore) Limited BlackRock Institutional Trust Company, N.A. BlackRock Advisors (UK) Limited BlackRock Asset Management North Asia Limited BlackRock Investment Management, LLC	\$1.135 billion
JPMorgan JPMorgan Asset Management (China) Company Limited. JPMorgan Asset Management (Asia Pacific) Limited JPMorgan Asset Management U.K. Limited JPMorgan Asset Management (Europe) S.à.r.l. JPMorgan Asset Management (Taiwan) Limited	\$1.05 billion
Capital Group Capital World Investors Capital Research Global Investors	\$490.5 million
Norges Bank Investment Management	\$445.8 million
The Vanguard Group, Inc.	\$344.3 million
Fidelity Fidelity Management & Research Company LLC Fidelity Management & Research (Hong Kong) Limited	\$310 million
Canada Pension Plan Investment Board	\$298.9 million

IMPACT AND NEXT STEPS

Evidenced by its inclusion on the DoD’s list of Chinese military companies operating in the U.S., CATL’s problematic corporate activities present significant ethical and national security risks. Dismissing these concerns, major U.S. and allied financial institutions continue to facilitate its access to global capital markets. **This stark disconnect between U.S. national security policy and Western financial backing of CATL highlights a systemic vulnerability that adversaries can and do exploit.**

This disconnect between financial and national security interests has not gone unnoticed in Washington D.C., with the recently released [U.S. Presidential National Security Memorandum outlining the America First Investment Policy](#) highlighting how the Chinese government “exploits United States investors to finance and advance the development and modernization of its military,” including through companies linked to “its national Military-Civil Fusion strategy.” To address this growing issue, the U.S. Government “will establish new rules to stop United States companies and investors from investing in industries that advance the PRC’s national Military-Civil Fusion strategy,” and use “all necessary legal instruments to further deter United States persons from investing in the PRC’s military-industrial sector.”

With human rights, national security, and geopolitical stability on the line, not to mention the retirement and investment accounts of tens of millions of unwitting retail investors, the U.S. and its allies urgently need to align their outbound investment policies with their strategic interests and values.

To accomplish this, PSSI recommends:

1. Establishing a strengthened, more security-minded regulatory framework, with enhanced oversight of outbound investments in foreign companies. This should include regular audits and compliance checks, alongside sanctions and penalties for financial institutions which facilitate investments in companies officially sanctioned or designated as linked to military modernization or human rights abuses;
2. Foster closer collaboration and information sharing among U.S. federal agencies and departments such as the Department of the Treasury, the Securities and Exchange Commission, the National Security Council, and the Department of Defense, to monitor — and, where necessary, interdict — investment capital flows to sanctioned and other such high-risk companies. Security-minded investment screening and enforcement should be key elements of this strengthened regulatory regime. We further encourage including private sector actors such as select financial institutions, as well as the governments of allied countries — leveraging their resources where deemed beneficial to discourage sanctions evasion, undermine alternative sources of funding, and harmonize global efforts to counter the rise of adversarial anti-democratic forces;
3. Issuing policy clarification and guidance for U.S. and allied financial institutions concerning which types of investments are prohibited under the America First Investment Policy and other enhanced federal regulations is essential. Clear and comprehensive policy guidance will help ensure compliance and alignment with national security interests, ultimately ensuring that allied investor funding for sanctioned and other corporate bad actors — and their subsidiaries — is effectively stemmed.

DISCLAIMER

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