

China’s Battery Giant Zooms Ahead

CATL is in talks with global automakers including Tesla to expand in the U.S.

By Liza Lin and Rachel Liang

HONG KONG—The chairman of China’s battery-making champion said he wasn’t fazed by rising geopolitical tensions over the control of future technologies, as the company sets its sights on expanding in the U.S.

Contemporary Ampere Technology, the world’s largest maker of batteries for electric vehicles, is in talks with Tesla and other automakers to license its battery technology in the U.S., instead of building its own battery plant there, Robin Zeng, founder and chairman of the company known as CATL, said in an interview with The Wall Street Journal.

The scale of cooperation and other details about what Tesla would license from CATL, based in Ningde, China, is still being discussed and would depend on the carmaker’s cash flow, Zeng said.

“Geopolitics is a very transitory issue. Each government administration only lasts four or five years, but business relationships last for decades,” Zeng said. He added that CATL’s technologies were unlikely to be embroiled in a wider tech war as governments globally are focused on combating climate change.

CATL is already licensing its technology to Ford Motor to help the American carmaker produce vehicle batteries at a plant in Michigan. Ford owns and operates the factory, paying royalties to CATL for the batteries produced. The Chinese company’s Ford partnership will be the model for similar cooperation with other carmakers in the U.S., Zeng said.

In recent months, U.S. lawmakers have raised concerns about links between the Chinese battery juggernaut and China’s ruling Communist Party. Last September, Ford paused construction of its \$3.5 billion battery plant amid months of scrutiny by lawmakers on its



The company, the world’s largest maker of batteries for electric vehicles, has set its sights on expanding in the U.S.

partnership with CATL.

Ford has since restarted building the factory, which is part of its strategy to produce lower-cost batteries to reduce EV price tags for drivers.

In the U.S., the Inflation Reduction Act aims to shut out batteries and critical minerals from so-called foreign entities of concern over the next two years, a move industry players say is meant to reduce China’s involvement in the supply chain of the U.S. EV industry. Starting in 2025, buyers of cars that use Chinese suppliers would be ineligible for a \$7,500 clean-vehicle tax credit.

The law has already pushed some Chinese battery-materials makers to look for ways to bypass the rules, including by forming joint ventures with U.S. free-trade partners such as South Korea and Morocco in the hopes of qualifying for U.S. subsidies so they can more easily expand in the U.S.

Analysts at Morgan Stanley have highlighted the risk that geopolitics could slow CATL’s global expansion, forecasting

CATL will only gain a market share of 3% in the U.S., versus an expected 35% of the European Union market by 2030.

Zeng, who founded a company making batteries for iPods and laptops in 2004, eventually spinning off its vehicle-battery business as CATL years later, added that he preferred licensing agreements to opening production plants in the U.S. Manufacturing in the U.S. is much more expensive and less efficient versus producing in China, he said.

In 2020, CATL purchased a small facility in Glasgow, Ky., with the intention of producing batteries for the American market. Last August, however, the battery manufacturer put the property back on the market for sale, according to a statement from the Barren County Economic Authority.

After snagging a deal to produce batteries for German luxury carmaker BMW’s China-made EVs in the early 2010s, CATL has gone from strength to strength.

CATL is now one of Tesla’s largest battery suppliers, with its batteries installed in Tesla’s Model 3 and Y vehicles, many of which are exported from China to Europe. It also produces components for automakers including Volkswagen and Daimler. Analysts describe the company as a linchpin in the lithium-ion battery supply chain, with investments in raw materials and a large battery recycling business.

CATL holds almost half of the market in China and in 2023, one in three electric vehicles sold globally contained the company’s lithium-ion batteries, according to industry ana-

lyst SNE Research.

The battery giant’s business selling energy-storage batteries has also come under fire in the U.S. North Carolina-based Duke Energy said it plans to phase out the use of energy-storage batteries made by CATL from a Marine Corps base in North Carolina and from other civilian projects by 2027, amid policymakers’ concerns about their links to Beijing.

Even if the U.S. struggles to build its own domestic battery supply chain without China’s help, CATL would still likely face sizable headwinds to expanding there, said Chris Berry, president of Washington-based House Mountain Partners.

“Just about the only thing politicians inside the Beltway in Washington, D.C., can agree on today is that China is ‘the enemy,’” Berry said. “Given the aims of the Inflation Reduction Act to reshore much of the supply chain, allowing CATL to operate in the U.S. is perceived as flying in the face of the stated aims of the IRA.”

CATL has been called a linchpin in the lithium-ion battery supply chain.

Tech Giants Face EU Scrutiny

Continued from page B1

quire the companies to allow app developers to inform customers about alternative offers outside of their main app stores. The European Commission, the EU’s executive arm, said it is concerned about constraints the tech companies place on developers’ ability to communicate freely with users and promote their offers.

The bloc also will examine changes that Google made to

how its search results appear in Europe. The new digital competition law says companies can’t give their own services preference over similar services offered by rivals.

Another probe will look at how Apple complies with rules that say users should be able to easily remove software applications and change default settings on their iPhones, as well as how the company shows choice screens that offer alternative search-engine and browser options.

Apple said it is confident its plan complies with the new EU law. It said it had created new features, tools and user protections, and had listened to and incorporated feedback from EU officials and developers.

Google said it would continue to defend its approach and had made significant changes to the way its services operate in Europe. The company has engaged with officials, companies and other third parties to gather and respond to feedback, it added.

The EU also said Monday it would probe what regulators call Meta’s “pay or consent” plan, introduced last fall. Under that plan, European users who don’t agree to let the company use their digital activity to target the ads it shows on Instagram and Facebook must pay a monthly subscription fee of up to around \$11.

Meta said offering subscriptions as an alternative to advertising is a well-established

business model in many industries, and that the company would continue to engage with EU officials.

Monday’s announcement of probes into Apple, Meta and Alphabet doesn’t mean the bloc is endorsing other companies’ plans to comply with the new EU law, Vestager said.

In addition to the investigations opened on Monday, the EU also is interested in whether **Amazon.com** is giving preference to its own products on the marketplace, it said, although it hasn’t opened a formal investigation into the matter.

Amazon said it is compliant with the new law and has engaged constructively with officials on its plans.

Separately, the EU said it

was ordering five companies to retain documents that might be used to assess their compliance with the new rules. The retention orders were sent to Alphabet, Amazon, Apple, Meta and **Microsoft**.

Apple has drawn scrutiny from app developers who say its plans for opening up parts of its app ecosystem in the EU are still too restrictive. The new law has already pushed Apple to allow apps to be downloaded outside of the company’s App Store and to permit alternative in-app payments services on iPhones across the bloc.

The EU said it is separately examining a new fee structure Apple created for developers that want to offer their apps

outside of the App Store, although no formal investigation into that aspect of the company’s compliance plan has been announced.

For Meta, the probe into its subscription plan takes aim at a core part of the company’s business: selling highly targeted ads based on users’ digital activity. Analysts have said that if a significant number of Meta users in Europe declined to share their data for ad targeting, there could be a material impact on the company’s revenue.

Regulators on Monday said they were concerned that Meta’s plan may not give users a real alternative if they don’t want to consent to having their data combined or used across platforms.

Possible AI Collaboration Lifts Baidu Shares

By Jiahui Huang

Shares of **Baidu** rose sharply in Hong Kong after reports of possible collaboration involving artificial intelligence between the Chinese tech giant and smartphone giant **Apple**.

The Wall Street Journal reported last week that Apple had held preliminary talks with Baidu about using its AI tech.

On Monday, Chinese media outlet Cailian Press reported Baidu was set to become Apple’s local generative AI model provider for the iPhone 16, the Mac computer operating system and the coming mobile operating system iOS 18.

Baidu shares climbed 5.4% on Monday. Hong Kong’s benchmark tech index was down 0.2%. Baidu and Apple didn’t respond to requests for comment.

Chinese regulators have to approve generative AI models before they can be launched to the public. Baidu’s Ernie Bot is one of more than 40 models that have already been approved.

“If it does come true, it



Chinese media said Monday Baidu was set to become a generative AI model provider to Apple. A Baidu booth at a 2021 event.

would be a perfect branding campaign for Baidu and its AI product, Ernie Bot,” Nomura analyst Jialong Shi told Dow Jones Newswires.

Such an endorsement from Apple would be a big boost for Baidu amid intensifying competition among LLM producers in China. Leading

players in this field such as OpenAI’s ChatGPT and Google’s Gemini aren’t available in the country.

The Chinese search-engine company’s efforts to develop AI have exceeded analysts’ expectations, with faster-than-anticipated monetization, analyst Ann Romain from the

Zephyrin Group said in a research note.

Baidu Chief Executive Robin Li said the company’s AI cloud businesses will likely be a main revenue driver in 2024, projecting that revenue will rise sharply to “several billion yuan.”

Daiwa analyst John Choi

said the potential partnership with Apple would help Baidu further monetize its AI initiatives.

“Recognition from a global tech powerhouse like Apple” would give Baidu the edge it needs to stay above its Chinese competitors, Nomura’s Shi said.

**CEARÁ**
GOVERNO DO ESTADO

NOTICE OF POSTPONATION
INTERNATIONAL ELECTRONIC
COMPETITION No. 20230001
ORIGINATING FROM SETUR
PROCESS No. 08579549/2023 -
COMPASNET NUMBER: 90002/2024
The Secretariat of the Civil House makes public the REMARKATION of the INTERNATIONAL ELECTRONIC EVIDENCE No. 20230001 of interest to Tourism Secretariat - SETUR, whose OBJECT is: hiring a company to carry out services for the implementation of the water supply, sewage and drainage system in the town of Prêa in the municipality of Cruz, with the supply of materials and equipment, duly specified in Annex A - Term of Reference, according to the specifications contained in the Notice and its Annexes. REASON: adjustments to the notice, included in Addendum 01 attached. RECEIPT OF VIRTUAL PROPOSALS: At www.comprasnet.gov.br through Nº 90002/2024, until 7/1/2024, at 9am (Brasília-DF Time). OBTAIN THE NOTICE: At the email address above or on the website www.seplag.ce.gov.br. STATE ATTORNEY GENERAL - Ceará State Tenders Center - Central Contracting Commission - CCC, in Fortaleza, March 13, 2024.
Maria Betânia Saboia Costa
Vice President of CCC

LOTTERY OF THE STATE OF MINAS GERAIS

AMENDMENT WARNING OF BIDDING NOTICE
The LOTTERY OF THE STATE OF MINAS GERAIS - LEMG communicates the amendment of the PREAMBLE - ITEM 1.13 of the notice of INTERNATIONAL PUBLIC AUCTION No. 02/2023 - HIGHEST OFFER TYPE, for contracting, exclusively within the limits of the State of Minas Gerais, a company to carry out the operational activities inherent to the exploration of lottery games via the On-Line/Real Time System, according to Lottery official rules as of the legislation, through the granting of a public service concession. The Notice with the amendment (only rescheduling of dates) can be obtained on the website www.lotominas.mg.gov.br tab "tenders". The date for tender submissions in sealed envelopes will be April 9th, 2024, until 4p.m. and the date, time and place of opening of Envelope No. 1 - Remuneration Proposal will be April 10th, 2024, 2pm, at Rod. Papa João Paulo II, 4.001, Ed. Gerais, 13th floor, room nº 6, Serra Verde, Belo Horizonte/MG.