

Congress of the United States

Washington, DC 20515

December 20, 2024

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Johnson, Leader Jeffries, Leader Schumer, and Leader McConnell:

I write to express significant concerns with the influence and potential conflicts of interest that unelected multimillionaire Elon Musk has wielded to sow last-minute chaos throughout the government funding process. It is particularly disturbing that Musk may have sought to upend this critical negotiated agreement to remove a bipartisan provision regulating U.S. investments in China in order to protect his wallet and the Chinese Communist Party at the expense of American workers, innovators, and businesses.

Despite the four corners of the Appropriations Committees and Congressional leadership having reached a government funding agreement earlier this week, Republican leadership caved at the last minute to the demands of “President” Musk to shut down the government and strip out hundreds of pages of critical provisions that would have reauthorized important programs to support American workers and families. One key provision that Republicans’ new government funding bill stripped out: a bill to screen U.S. investments in critical sectors in China.

This outbound investment provision was agreed to after months of bipartisan, bicameral negotiations and years of advocacy from Members of Congress. It would have kept innovation and manufacturing in semiconductors, artificial intelligence (AI), quantum computing, and other cutting-edge technologies in the United States and prevented wealthy investors from continuing to offshore production and U.S. intellectual property into China – benefiting only their bottom lines and the Chinese Communist Party, while hurting American workers and threatening our national security. Importantly, many of the innovations this bill would have protected were developed with the help of taxpayer dollars – all the more reason for these innovations to remain at home and not be used to fuel adversaries’ technological and military capabilities.

It is no surprise, then, that “President” Musk does not want to see a funding deal containing this provision be signed into law. Musk’s investments in China, and ties with its government, have only grown over the last few years – alongside his growing involvement in American politics. Musk’s car company, Tesla has poured billions of dollars into investments in China, particularly its “gigafactory” in Shanghai. The Shanghai plant is Tesla’s largest car manufacturing facility – the Chinese gigafactory produced about 50 percent of Tesla’s global automobile output over the

last year,¹ and Tesla drew nearly a quarter of its global revenue in 2023 from sales of Chinese-made vehicles from the Shanghai factory.² And there are signs that Musk plans to double down on his company's investments in China – as Tesla awaits the Chinese government's approval of its "Full Self-Driving" technology, Musk noted that "the value of Tesla lies primarily in its plans for autonomous driving." And in May of this year, Tesla broke ground on a new \$200 million factory to manufacture large batteries critical to its electric vehicle supply chain – down the street from its Shanghai car factory. Notably, proponents of regulating U.S. investment in China have advocated for the inclusion of large battery manufacturing in the list of technologies subject to outbound investment screening.³

Given the need for Chinese government approvals for his company's projects in the country, it is similarly unsurprising, yet concerning, that Musk has ingratiated himself with Chinese Communist Party leadership. In April of this year, for example, Musk met with Chinese premier Li Qiang, who helped rush the construction of Tesla's Shanghai gigafactory when he was still the secretary of the city's Communist Party. At the meeting, Musk noted that "Tesla is willing to further deepen cooperation with China."⁴ Evidently, "[w]hen Chinese leaders have an important message to convey to President Trump, Elon Musk would clearly be the best conduit."⁵ This is unsurprising given that Musk's personal finances depend heavily on Tesla's success or failure: Musk holds a 13 percent ownership stake in Tesla worth more than \$100 billion, or more than a quarter of his total net worth.⁶

Musk's ties to China, and Tesla's significant investments in the country, are especially concerning in light of the significant U.S. federal, state, and local financial support Tesla and Musk's other companies have received. From Fiscal Year (FY) 2000 to present, Tesla has received nearly \$3 billion in taxpayer subsidies and more than \$466 million in federal loans, and since 2008, the company has benefited from \$41.9 million in federal contracts.⁷ Musk's rocket company, SpaceX, received more than \$100 million in federal loans and taxpayer subsidies since FY 2000,⁸ and has won nearly \$19.8 billion in federal contracts since 2008.⁹ Some of those contracts include partnerships with U.S. government agencies to "work toward accelerating the

¹ Wall Street Journal, "China Looks to Musk as Conduit to Trump, Seeking to Ward Off Harsh Policies," Yoko Kubota and Raffaele Huang, November 24, 2024, <https://www.wsj.com/world/china/china-looks-to-musk-as-conduit-to-trump-seeking-to-ward-off-harsh-policies-bdbb5a4a>; Wall Street Journal, "How a Trump Victory Would Threaten Tesla's Success in China," Tim Higgins, October 26, 2024, https://www.wsj.com/business/autos/donald-trump-presidency-china-tesla-599e4bd4?mod=article_inline.

² CNEVPost, "Tesla gets 22.5% of its revenue from China in 2023," Phate Zhang, January 29, 2024, <https://cnevpost.com/2024/01/29/tesla-22-pct-revenue-from-china-2023/>.

³ See e.g., National Critical Capabilities Defense Act of 2023, <https://www.congress.gov/bill/118th-congress/house-bill/3136>.

⁴ CNN, "Elon Musk wins official praise for Tesla during surprise visit to China," Laura He, April 29, 2024, <https://www.cnn.com/2024/04/29/cars/elon-musk-surprise-visit-china-premier-li-intl-hnk/index.html>; New York Times, "China Is Testing More Driverless Cars Than Any Other Country," Keith Bradsher, June 13, 2024, <https://www.nytimes.com/2024/06/13/business/china-driverless-cars.html>.

⁵ New York Times, "What Elon Musk Needs From China," Keith Bradsher, November 22, 2024, <https://www.nytimes.com/2024/11/22/business/elon-musk-tesla-china.html>.

⁶ Investopedia, "Elon Musk's Net Worth Skyrockets to New Heights," Hiranmayi Srinivasan, December 13, 2024, <https://www.investopedia.com/elon-musk-net-worth-tesla-spacex-ai-300-billion-8740315>.

⁷ Good Jobs First Subsidy Tracker page for Tesla Inc., <https://subsidytracker.goodjobsfirst.org/parent/tesla-inc>.

⁸ Good Jobs First Subsidy Tracker for Space Exploration Technologies (SpaceX), <https://subsidytracker.goodjobsfirst.org/parent/space-exploration-technologies-spacex>.

knowledge and critical technology” needed to support further space travel.¹⁰ All told, according to federal contracting data, “Musk’s business deals with the government total nearly \$20 billion” over the past 16 years.¹¹

What is to stop Musk from offshoring his other companies’ innovation and manufacturing to China, just as he did with Tesla? The answer: an outbound investment screening regime like the one House Republicans pulled out of the government funding deal at “President” Musk’s behest.

It is extremely alarming that House Republican leadership, at the urging of an unelected billionaire, scrapped a bipartisan, bicameral negotiated funding deal that included this critical provision to protect American jobs and critical capabilities. This is particularly concerning given Elon Musk’s extensive investments in China in key sectors and his personal ties with Chinese Communist Party leadership, and calls into question the real reason for Musk’s opposition to the original funding deal. As conversations continue on a funding deal to avert a harmful government shutdown, I urge you to return to the bipartisan deal, which included this critical provision.

Sincerely,



Rosa L. DeLauro
Member of Congress

⁹ USA Today, “Elon Musk wants to cut government spending. Tesla and SpaceX benefit from it,” Rachel Barber, November 15, 2024, <https://www.usatoday.com/story/money/2024/11/15/how-tesla-and-spacex-benefit-from-government-spending/76301473007/>.

¹⁰ NASA Space Act Agreement with SpaceX, https://www.nasa.gov/wp-content/uploads/2015/06/saa-qa-14-18883-spacex-baseline-12-18-14-redacted_3.pdf.

¹¹ USA Today, “Elon Musk wants to cut government spending. Tesla and SpaceX benefit from it,” Rachel Barber, November 15, 2024, <https://www.usatoday.com/story/money/2024/11/15/how-tesla-and-spacex-benefit-from-government-spending/76301473007/>.