

United States Senate

August 19, 2024

The Honorable Gina Raimondo
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, DC 20230

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

Dear Secretary Raimondo and Secretary Yellen:

I am writing to express my serious concerns regarding the recent revelations about Chinese companies rebranding and establishing U.S.-domiciled businesses to circumvent regulatory scrutiny, including sanctions or other prohibitions, and continue their operations in the United States. This alarming trend poses significant risks to our national security and economic sovereignty.

As detailed in recent reports, Chinese firms such as Hesai Group have been exploiting legal loopholes to rebrand themselves under new names like "American Lidar" and establish subsidiaries in the U.S. heartland. These maneuvers are designed to evade restrictions on Chinese military entities operating in the U.S. This deceptive practice not only undermines our regulatory frameworks but also jeopardizes the safety and privacy of American citizens. And, all the while is misleading to investors and business partners.

The U.S. Department of Defense's previous designation of Hesai as a Chinese military entity highlights the gravity of this issue. Despite Hesai's attempts to distance itself from its Chinese origins, the potential for these technologies to be used for espionage or data collection remains a critical concern. The fact that almost one-fifth of Hesai's revenue comes from the U.S. underscores the extent of their integration into our market and the potential risks involved.

Moreover, the legal rebranding efforts by other Chinese companies in high and sensitive technology sectors, such as BGI Group (biotechnology), CATL (batteries), and SZ DJI Technology (drones), further illustrate the lengths to which these entities will go to avoid regulatory oversight. These actions not only frustrate our regulators but also expose our industries and consumers to potential threats from foreign adversaries.

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It is imperative that we take decisive action to address these challenges. We must strengthen our regulatory frameworks to ensure that companies attempting to rebrand or establish new subsidiaries are thoroughly vetted and held accountable. Additionally, I call on this administration to take more expeditious action to add companies to our various entity lists, export controls, and capital markets sanctions list, to prevent Chinese military entities from exploiting our markets and compromising our national security. The lack of robust utilization of such tools is an unacceptable, self-imposed weakness in U.S. economic statecraft that must be remedied. While the Chinese are coming up with these new techniques to circumvent U.S. laws, we have yet to be fully enforcing the laws and regulations we already have – yet alone crafting new ones to meet Communist China's evolving threats.

Furthermore, these companies are enriching the CCP and their interests, not those of Americans. I have been a staunch advocate for reducing our reliance on Chinese imports and protecting American jobs and industries. My bipartisan "Buy American" resolution and other legislative efforts aim to bolster our domestic manufacturing capabilities and safeguard our supply chains from foreign interference. We must continue to prioritize American-made products and support policies that incentivize companies to invest in the U.S. economy. This means supporting actual U.S. businesses, not CCP front companies.

The stakes are high, and we cannot afford to be complacent. The Chinese Communist Party's aggressive expansionist policies and disregard for international norms pose a direct threat to our way of life. We must remain vigilant and proactive in defending our national interests and ensuring that our economic and security policies reflect the urgency of this challenge.

Thank you for your attention to this critical matter. I look forward to working together to address these pressing issues and protect the American people from the threats posed by foreign adversaries.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott". The signature is stylized with a large initial "R" and a prominent "S".

Rick Scott
United States Senator