

# Wanxiang says panel approves A123 sale

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Chinese auto parts conglomerate Wanxiang Group Corp. said Tuesday that a federal panel has approved its purchase of most assets of failed battery maker A123 Systems Inc.

The approval by the Committee on Foreign Investment in the United States (CFIUS) came more than a month after a bankruptcy judge signed off on the deal, valued at nearly \$257 million.

"We're pleased the government has completed its review and provided us with the go-ahead to finalize this transaction," said Pin Ni, president of Elgin, Illinois-based Wanxiang America.

A spokeswoman for the Treasury Department declined to confirm the decision by CFIUS, a federal interagency committee headed by Treasury Secretary Timothy Geithner that reviews sales of U.S. companies to foreign owners.

"By law, information filed with CFIUS may not be disclosed by CFIUS to the public," said spokeswoman Holly Shulman.

Waltham, Massachusetts-based A123, which makes lithium-ion batteries for electric cars, grid storage and commercial and military applications, received more than \$130 million of a \$249 million Department of Energy grant before declaring bankruptcy. A company spokesman declined to comment Tuesday on the CFIUS decision.

Critics of the deal repeated their concerns about the economic and

security risks of U.S. technology acquired by foreigners.

"The approved sale marks yet another step in the coordinated strategy by foreign countries to acquire leading U.S. companies who are researching, developing and producing critical technologies," said Dean Popp, co-chair of the Strategic Materials Advisory Council, a group of retired military and defense industry officials. "CFIUS itself has recognized this strategy but it appears they continue to fail to do anything to prevent it."

Wanxiang beat Milwaukee-based auto parts maker Johnson Controls Inc. in bidding for most of A123's assets after the company sought [bankruptcy protection](#). After its initial offer of \$125 million for A123's automotive assets was trumped by Wanxiang, Johnson lobbied with other critics of the deal, including some members of Congress, trying to persuade CFIUS to deny approval of Wanxiang's purchase.

Rep. Bill Huizenga, a Michigan Republican, said Tuesday that it's clear that the technology acquired by Wanxiang has both civilian and military applications.

"It is also apparent that this technology was developed using taxpayer dollars through President (Barack) Obama's stimulus program and is now falling into the hands of a foreign company," Huizenga said in a statement. "American taxpayers should not be funding technology that will in turn be used in competition against American companies."

A Department of Energy spokesman said the grant to A123 was used for the construction of manufacturing facilities at two Michigan sites, not technology or research.

"Consistent with the intent of that investment, the purchase of these assets includes the Energy Department's requirement that the plants and equipment partially paid for by the Recovery Act stay in Michigan and

continue to operate," said DOE spokesman Bill Gibbons.

The sale to Wanxiang does not include A123's defense-related business assets, which are being sold separately for \$2.25 million to Navitas Systems of Woodridge, Illinois.

Rep. Marsha Blackburn, a Tennessee Republican who is vice chair of the House Energy and Commerce Committee, has questioned whether Navitas can manufacture A123's military-grade batteries without assistance from Wanxiang. In a letter last week to Defense Secretary Leon Panetta and Secretary of State Hillary Clinton, Blackburn also asked whether the deal specifically prohibits the transfer to Wanxiang of technical data related to A123's military products.

Blackburn said Tuesday that the administration's approval of the sale contradicts a commitment made by Obama during his inaugural speech to keep control of cutting-edge energy technologies developed in the U.S.

"Actions speak louder than words and this is a clear cut example of a time when President Obama needs to step in and protect our national security interests," Blackburn said. "We cannot afford to have technology that is used in our drones and Navy SEAL delivery systems end up in the hands of the Chinese government."

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