

The Select Committee on the Chinese Communist Party: Launches investigations into U.S. venture capital firms funding problematic PRC companies

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WASHINGTON, DC - As first [reported](#) by the Wall Street Journal, Chairman Mike Gallagher (R-WI) and Ranking Member Raja Krishnamoorthi (D-IL) of the Select Committee on the Chinese Communist Party, today, sent letters to four U.S. venture capital firms — GGV Capital, GSR Ventures, Qualcomm Ventures, and Walden International — expressing serious concern and demanding information about the firms' investments in Chinese artificial intelligence (AI), semiconductor, and quantum companies in the People's Republic of China (PRC).

The PRC is actively seeking out and using advancements in AI to perpetrate human rights abuses and enhance its military capabilities. It is likewise using advancements in quantum computing and semiconductor manufacturing to support the People's Liberation Army (PLA).

In the letters, the lawmakers highlighted concerning investments from the U.S. firms in PRC-based AI and semiconductor companies, including, but not limited to...

- GGV Capital invested in PRC-based AI company Megvii, which actively supports China's efforts to profile and track Uyghurs—"ushering in a new era of automated racism."
- GSR Ventures was among the top U.S.-located investors in PRC artificial

intelligence companies between 2015 and 2021, according to a recent report by the Center for Security and Emerging Technology. These transactions not only help finance the development of technology that is directly contrary to U.S. national interests, but also risk transferring critical know-how and expertise from the U.S. to the PRC.

- Qualcomm Ventures invested in Zongmu, a PRC-based firm focused on self-driving vehicles that operates at an industrial park that lists as one of its focuses “promoting the development of military-civilian integration.”
- From 2015 to 2021, at least 39 percent of Walden’s AI investments were in PRC companies. Walden has invested in Intellifusion, an AI company that the Commerce Department placed on its Entity List for enabling PRC surveillance in Xinjiang. In 2017, Intellifusion won the Xinjiang Security Excellent Enterprise Award.

In the letters, the lawmakers wrote, “China’s policy of military-civil fusion, which “eliminat[es] barriers between the PRC’s civilian research and commercial sector and its military and defense industrial sectors”—ensures that no technology company in China is truly a private company. American venture capital and private equity investments in PRC AI, quantum, and semiconductor companies directly contribute to the PRC’s human rights abuses, military modernization, expansion of authoritarianism around the globe, and the PRC’s overall effort to supplant U.S. technological leadership.”

“These venture capitalists have invested millions into PRC-based AI and semiconductor firms. We need to take a hard look at investments in sectors that are a strategic priority for the PRC, because we know that the PRC leverages private companies for military and surveillance purposes. We’re concerned that some of the investments by these funds into China-based companies may aid the CCP in modernizing its military, building its techno-totalitarian surveillance state, and perpetuating serious human rights abuses – including the ongoing genocide against the Uyghur people. This is the beginning of a broader investigation,” **said Chairman Gallagher**

“The American people do not want U.S. money and expertise enabling CCP advancements in the technologies that could undermine our national security or American values. They do want Congress working together to make sure Americans do not, in any way, fund the military aggression and human rights violations of a

major competitor. I look forward to working with Chairman Gallagher to shine a light on this issue and investigating it further,” **said Ranking Member Krishnamoorthi.**

Click [HERE](#) to read the letter to GGV Capital

Click [HERE](#) to read the letter to GSR Ventures

Click [HERE](#) to read the letter to Qualcomm Ventures

Click [HERE](#) to read the letter to Walden International