

March 19, 2019

ALLIANCE FOR  
american  
manufacturing

## ***Support the Transit Infrastructure Vehicle Security Act***

*AAM Supports Cornyn-Baldwin-Crapo-Brown Bipartisan Legislation to Prohibit Federal Funds Going to Chinese-Owned, Controlled or Subsidized Rail Car or Bus Manufacturers*

Dear Senators and Representatives:

On behalf of the Alliance for American Manufacturing (AAM), a partnership between the United Steelworkers (USW) and leading U.S. manufacturing companies, I am writing to express our support for the *Transit Infrastructure Vehicle Security Act*. This legislation would ban Federal Transit Administration (FTA) funds from being used to award a contract or subcontract to a Chinese state-owned, controlled, or subsidized enterprise

Backed by deep government support and Beijing's "Made in China 2025" initiative, China's electric bus and rail state-owned enterprises (SOEs) are rapidly altering the U.S. competitive landscape for rolling stock manufacturing. This is having a profoundly negative impact on established, private-sector U.S. firms and jeopardizing supply chains that employ tens of thousands of American workers.

China Railroad Rolling Stock Corporation (CRRC) – a Chinese SOE – has drastically altered the competitive landscape for domestic railcar manufacturing. Since 2014, CRRC has secured major metro transit car contracts in Boston, Philadelphia, Los Angeles, and Chicago with impossibly low bids. In Boston, CRRC's bid was hundreds of millions of dollars below the next lowest bidder. In Philadelphia, another bidder was quoted as saying, "I cannot grasp how they are able to do it at that cost." There should be no doubting CRRC's strategy to establish itself in the U.S. market and to eliminate legitimate competition through any means necessary, even if it means losing substantial sums of money along the way. With deals in DC, Atlanta, and Miami within CRRC's sights, it is vital for U.S. national security, innovation, and jobs that we stop subsidizing the destruction of our domestic rolling stock manufacturing base with federal dollars.

The electric bus industry is also in Beijing's sights. BYD, or Build Your Dreams, assembles electric buses in the United States and is both influenced and subsidized by the Chinese government. BYD has been plagued by quality issues and a recent OIG investigation by the City of Albuquerque suggests that "the majority, if not all, parts were manufactured in China and shipped to the United States" – including the bus frame, chassis, walls, drive train, axels, motor, lights, seating and seat belts, and more. BYD not only aggressively undermines healthy market competition in the electric bus procurement market, it threatens to displace supply chains here in the United States with imported parts and components shipped in from China.

It is vital that the United States act to prevent the destruction of the U.S. competitive landscape for rolling stock manufacturing before it is too late. America's tax dollars should not be used to support Chinese state-owned firms seeking to undermine market competition. Please support the bipartisan Cornyn-Baldwin-Crapo-Brown *Transit Infrastructure Vehicle Security Act*.

Sincerely,



Scott N. Paul  
President