



Rail Security Alliance: House moves to protect America’s surface transportation systems and critical infrastructure through Transit Infrastructure bill — amidst news that that investments by Chinese state-owned rail companies in the U.S. create a net *loss* of jobs.

(Washington, D.C.) – Today, a modified version of the *Transit Infrastructure Vehicle Security Act (TIVSA)*, which seeks to protect America’s critical infrastructure and surface transportation systems from foreign threats, passed in a strong, bipartisan vote through the House Armed Services Committee (HASC). The original bill, a companion to S. 846, was introduced last month by Rep. Harley Rouda (D-CA) and would restrict American taxpayer dollars from supporting the Chinese state-owned-enterprises like China Railway Rolling Stock Corporation (CRRC). The version of TIVSA that was passed by HASC as part of the National Defense Authorization Act (NDAA) was modified to only restrict funding to rail projects.

This vote marks a major milestone for the legislation. When final, it will protect the U.S. against Chinese state-owned-enterprises whose stated intent is to take over American railcar manufacturing and its associated supply chains, compromising U.S. cyber and economic security.

Reps. Tim Ryan (D-OH), Rick Crawford (R-AR), Ranking Member of the Transportation and Infrastructure Railroad Subcommittee, Kay Granger (R-TX), Ranking Member of the House Appropriations Committee, John Garamendi (D-CA), Scott Perry (R-PA) and Eleanor Holmes-Norton (D-DC), Chair of the House Transportation and Infrastructure’s Subcommittee on Highways and Transit, are original co-sponsors of the House bill.

In March, U.S. Senators John Cornyn (R-TX), Tammy Baldwin (D-WI), Senate Banking, Housing, and Urban Affairs Committee Chairman Senator Mike Crapo (R-ID), and Ranking Member Sherrod Brown (D-OH) introduced the Senate version of *TIVSA*, has now garnered support from 46 bipartisan cosponsors in the Senate. Action on the Senate bill is expected next week.

During a May 2019 congressional hearing on transportation and infrastructure security, Rep. Rouda said, “We must not invest in rail and companies that undermine our national security.” He added, “I support free trade, but there’s nothing fair to force bus and rolling stock companies to compete with SOEs. American taxpayer dollars should not support that.”

The action on TIVSA comes as [a study by Oxford Economics](#) confirms that investments by Chinese state-owned rail companies in the U.S. create a net *loss* of jobs. For every job a Chinese government-owned rail company creates in the United States, between 3.5 and 5.4 U.S. jobs are lost, the report determines.

U.S.-based passenger railcar manufacturing is currently experiencing unprecedented competition from the Chinese state-owned railcar manufacturer CRRC. CRRC recently won four contracts to supply passenger railcars in Boston, Philadelphia, Chicago and Los Angeles valued at a total of \$2.7 billion. In a now-deleted public statement, CRRC announced that it had secured 83 percent

of the world's passenger rail manufacturing capabilities and was working to "conquer" the remaining 17 percent.

U.S.-based passenger railcar production by Chinese SOEs is widely perceived by industry experts to differ from that of legacy U.S.-based producers, which are privately held companies. Chinese SOEs are thought to do less value-add production in the U.S., and to rely more on imported railcar parts and subsystems. The SOE brings temporary assembly jobs to the U.S. and keeps manufacturing, technology and R&D in China.

Under a worst-case scenario, the result will be a net loss of more than 5,000 U.S. jobs for every \$1 billion in contracts won by Chinese SOEs.

Erik Olson, vice president of the Rail Security Alliance, said: "The Chinese government has proven itself to be a bad actor that uses its state-owned-enterprises to further its geopolitical and economic objectives at the expense of American innovation and security."

"The Oxford study provides hard evidence that the communist Chinese government-owned CRRC cannot and will not create a stable, secure U.S. economy. Without Congress' work on this issue, America will be handing over our rail and transportation systems — and our national economic security — to Chinese threats. We should not allow this to happen in any American city."

The Rail Security Alliance will share the Oxford Economics study with Members of Congress, WMATA and other transit agencies that are considering CRRC for passenger railcars.

-30-30-30-

For Immediate Release
Contact:

June 13, 2019
Jeff Eller and Suzanne Geiger
media@railsecurity.org
Office: (202) 318-0456

The Rail Security Alliance exists to support and encourage the adoption and enactment of U.S. policies, procedures and laws that are designed to promote the security of the railroads and the railroad system of the United States of America.