



August 15, 2019

The Honorable James Inhofe
Chairman
U.S. Senate Committee on Armed Services
Washington DC, 20510

The Honorable Adam Smith
Chairman
U.S. House of Representatives Committee on Armed Services
Washington, DC 20515

The Honorable Jack Reed
Ranking Member
U.S. Senate Committee on Armed Services
Washington DC, 20150

The Honorable Mac Thornberry
Ranking Member
U.S. House of Representatives Committee on Armed Services
Washington, DC 20515

Dear Chairman Inhofe, Chairman Smith, Ranking Member Reed, and Ranking Member Thornberry:

We write to you on behalf of America's railcar manufacturers, components suppliers, unions and steel interests to encourage you to **stand firm on the inclusion of language in the final version of the 2020 National Defense Authorization Act (NDAA) that will prevent the use of federal taxpayer dollars for purchases of transit rail equipment from companies that are controlled by the Communist Government of China.** Given the aggressive efforts of China's state-owned railway company, CRRC, in the U.S. market and globally, it is imperative that Congress stand up for not only American innovation and competitiveness, but also to protect our national security which otherwise may be dangerously compromised.

Allowing any changes to the language currently contained in both the House and the Senate-passed NDAA texts creates a significant risk to our citizens and our economic security. Here's why:

- **A Chinese 100% state-owned and directed company is targeting the U.S. rail industry.** Using state-backed financing, below-market pricing, and other anti-competitive tactics, CRRC is pursuing municipal transit rail contracts in the U.S. as part of the Chinese Government's geopolitical "Made in China 2025" strategy.
- **This is not hypothetical; it is happening in our largest cities.** To date, CRRC has secured \$2.6 billion in U.S. taxpayer-supported transit contracts to provide railcars and locomotives made by a 100% state-owned and directed Chinese company for the cities of Boston, Chicago, Philadelphia, and Los Angeles. Federal funding is included in three of those four contracts, and CRRC is now aggressively seeking similar contracts in Washington, D.C. and New York City.
- **The cybersecurity risks of sourcing transit rail cars from a Chinese company is widely known.** Many military and national security experts have testified and warned that purchasing railcars that carry passengers from companies that are Chinese government-controlled present massive security risks. With rail cars and passenger locomotives fully digitized, using sophisticated technologies such as GPS, Wi-Fi, and surveillance cameras, the

trains are already susceptible to cyber-hacking and espionage. Sourcing the trains from a Chinese government controlled and directed enterprise would give the party-state complete access to all these systems and more – raising major new risks. China would like for you to believe that this doesn't present a threat, but with China's cyberespionage record, Congress should know better.

Both the House and Senate have recognized these realities. Both versions of the NDAA include language – S. 846 and H.R. 2739, the Transit Infrastructure Vehicle Security Act (TIVSA) – disallowing federal dollars from being used to purchase railcars from the Chinese Government. Support for this provision has been bipartisan in both chambers, while opposition has come largely from select Members who have CRRC facilities and a few assembly jobs in their districts. That should not be enough to dissuade Congress from doing the right thing.

As you prepare for the formal NDAA conference this fall, we urge you to keep this vital language in the final bill. We stand available to answer any questions and thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Erik Olson". The signature is stylized and cursive.

Erik Robert Olson
Vice President, Rail Security Alliance