



**American
Iron and Steel
Institute**



August 16, 2019

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

We write to you on behalf of railcar suppliers, unions, and steel interests in strong support of including language in the final version of the FY2020 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 Government of China. The Chinese state-owned enterprise, CRRC, has made aggressive and alarming inroads into the United States by using state-backed financing, below-market pricing, and other anti-competitive tactics. Without this language, CRRC will decimate the rail market in the United States and therefore the suppliers and jobs our associations represent.

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.

Opponents to the provision will point to job creation as a reason to keep CRRC in the American market, however, according to a recent Oxford Economic study, every job created by a Chinese state-owned enterprise results in the loss of 3.5 to 5.4 jobs in the United States. Most of the building of the railcars takes place in China using Chinese labor and Chinese steel. CRRC does not source in the United States, nor does it manufacture in the United States.

We have sadly seen this story before. CRRC entered the Australian transit and freight market in the mid-2000s and destroyed the domestic market in less than a decade. Australia is now fully reliant on China to manufacture its rolling stock. This could happen in the United States.

Both versions of the NDAA include language – S. 846 and H.R. 2739, the Transit Infrastructure Vehicle Security Act (TIVSA) – prohibiting federal dollars from being used to purchase railcars from the Chinese Government. Support for this provision has been bipartisan in both chambers. We must stand strong and prohibit further Chinese incursion into the rail market of the United States.

Thank you for dedication to protecting the rail industry in the United States. We stand available to answer any questions.

Sincerely,
Rail Security Alliance
American Foundry Society
American Iron and Steel Institute
Alliance for American Manufacturing
Steel Manufacturers Association
United Steelworkers