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PR war ramps up on Chinese buses and railcars

By Tanya Snyder

A Chinese bus manufacturer is enlisting environmental groups and labor unions as allies against efforts in Congress to ban their vehicles as a threat to national security, saying potential harms to U.S. jobs and the environment are far worse.

The surge of activity began last week with editorials in *The Boston Globe* and *Los Angeles Times* fretting that a push underway in Congress to ban some Chinese-manufactured buses and railcars could jeopardize local jobs, along with an article in *Wired* noting that it could harm any effort to transition to electric buses.

At the same time, six green groups, including the Environmental Defense Fund, wrote lawmakers working on the issue asking them to only ban Chinese-manufactured railcars, not buses.

“If adopted in the final legislation, this provision would mean that cities, racing to decarbonize their transit systems, will lose access to an important supplier of electric buses,” the groups wrote. “As the transportation sector is now the largest source of carbon pollution, the electrification of municipal bus fleets is a critical part of addressing climate change and moving us towards the 100% clean economy we need.”

BYD Motors, the U.S. subsidiary of a Chinese electric vehicle company, helped coordinate the environmental groups’ push and works with the Sheet Metal, Air, Rail and Transportation Workers union, which represents both its workers and those at the China Railway Rolling Stock Corporation’s Chicago and Springfield railcar factories. Late last week, SMART sent Congress more than 200 handwritten letters from workers at BYD’s California factory opposing the Senate language.

BYD and CRRC, the two Chinese-owned companies that would be affected by the proposed ban, deny that they had anything to do with generating the recent string of positive media coverage. However, both have hired new lobbyists in

the last few months, and BYD doubled its lobbying spending between the first and second quarters this year. BYD's president has also donated more than \$40,000 to state and national political candidates since September 2017.

BYD Motors has pushed back against proponents of the potential ban by claiming that it is a public corporation owned by the likes of financial tycoon Warren Buffett.

But Securing America's Future Energy and the Alliance for American Manufacturing have begun promoting a new study by research firm Radarlock that asserts that BYD is part of a massive "military-civil fusion strategy," spearheaded by the Chinese Communist Party, that seeks to expand its global manufacturing dominance and get leverage over "global supply chains, technology flows, and, ultimately, data."

The report's examination of Chinese-language government documents and BYD's own financial reports details the flow of subsidies from the Chinese government to BYD, including at least \$328 million in 2018.

A similar report by the Alliance for Innovation and Infrastructure, a group focusing on infrastructure safety and technology, came out earlier this week. And the Alliance for American Manufacturing on Thursday issued a new video calling BYD "just another ploy by China to dominate the global auto industry, and this time they're using America's tax dollars to do it."

AAM alleges that BYD's "ties to China's authoritarian government run deep," with state-owned investment funds holding equity interests in the company, massive government subsidies and close relationships between the corporation's leadership and the Communist party.

But the SMART union, which is arrayed against the ban even though it pits them against the steelworkers, says the rush to ban Chinese vehicles is just protectionism and xenophobia.

"They're stuck on a dog whistle out there about the Chinese," said James White, the SMART union's director of organizing. "People are screaming about the security issue, yet all the competitors install the same products we install."

Congressional negotiators from the House and Senate are still attempting to hammer out a deal on the provision, which is tucked into a major defense bill. But even though it's not final, the proposed federal ban is already having an impact. In Miami, local officials required that potential bidders for a new monorail project comply with the proposed federal law, effectively blocking BYD from applying.

BYD argues that it can't be an existential threat to the U.S. manufacturing sector, considering that the company hasn't won a competitive bid contract since 2017, largely because its prices are often higher than those of its competitors. This would seem to undermine both their opponents' argument that BYD uses government subsidies to undercut the

competition and the company's own contention that the U.S. could never meet climate goals without its participation in building electric buses.

BYD's factories have the capacity to build 1,500 buses a year, but so far this year have built just 380. Quality complaints from transit agencies have also dogged BYD's buses.

CRRC lobbyists did not respond to a request for comment, but company spokesperson Lydia Rivera told POLITICO that the company was pleased that "our messaging is finally being heard."

When Congress returns from its two-week recess, defense bill conferees will be trying to wrap up work on the bill containing the ban language quickly and move on to other priorities, like spending bills and impeachment.

"This is Hail Mary season, before the pencils go down," said a GOP Senate aide.

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