



September 21, 2020

Mark Morgan
Acting Commissioner
U.S. Customs and Border Protection
1300 Pennsylvania Ave NW
Washington DC, 20004

Dear Commissioner Morgan:

I represent the Rail Security Alliance (RSA), a coalition of North American freight railcar manufacturers, suppliers, unions, and steel interests committed to ensuring the economic and national security of our nation's passenger and freight rail systems. On behalf of our coalition, I am writing to you with grave concern regarding the human rights and labor violations by Chinese state-owned enterprises. On September 17, 2020, the House Ways & Means Subcommittee on Trade held a hearing, "Enforcing the Ban On Imports Produced By Forced Labor in Xinjiang", in which RSA submitted testimony that details the role the Chinese government has in facilitating the mass transfer of Uyghurs to factories across China and the use of child labor for within certain Chinese supply chains. My testimony specifically called for increased scrutiny by legislators on a specific Chinese state-owned-enterprise, the China Railway Rolling Stock Corporation (CRRC), with known human rights and labor violations.

As way of background, RSA formed in response to the merging of China's two rail manufacturers into one-massive 100% state-owned enterprise (SOE), CRRC. By their calculation, CRRC controls roughly 83 percent of the global rail market, with the intent to conquer the remaining 17 percent. As a state-owned enterprise, CRRC has access to unlimited state funding that allows them to win transit contracts around the world by underbidding its competitors. CRRC has made aggressive and alarming incursions into the U.S. rail market using state-backed financing, below-market pricing, and other anti-competitive tactics. To date CRRC has won \$2.6 billion in U.S. transit contracts and is in process of manufacturing transit railcars for the Boston, Philadelphia, Los Angeles and Chicago metro systems. Finally, CRRC was recently named one of 20 companies by the Department of Defense that it says is owned or controlled by China's People's Liberation Army.

Among the labor violations committed by CRRC include the following:

- In a March 2020 Australian Strategic Policy Institute [report](#), it was estimated that at least 80,000 Uyghurs and other ethnic minorities from the Xinjiang region were facilitated in a mass transfer by the Chinese government and sent to work in factories across China between 2017 and 2019. Working conditions at these factories strongly suggest forced labor. These factories are in the supply chains of notable companies—including CRRC. I have attached this report for your review.
- In a November 2019 segment, [NBC News](#) reported on the thousands of children that are exploited in Madagascar mining for mica—a mineral used by CRRC in the manufacturing of their railcars. These children—as young as four years old—lack access to clean water, proper health

care, education, and suffer from a myriad of medical conditions to due mining mica. In the segment, NBC News interviewed CRRC executives inside the Springfield, MA facility as part of the story. The CRRC executive was unable to answer direct questions regarding the source of parts for the facility he was managing.

As noted, CRRC has won four U.S. metropolitan transit contracts through severely underbidding its competitors by way of unlimited financing from the Chinese government. The children-mined mica is used in the shell of the railcars that end up being shipped over from China to their Springfield, MA, facility for final assembly. While many of the transit agencies in the cities mentioned have pressed CRRC on its labor practices, specifically the use of child labor in the mining of the mica used in its railcars, none of the contracts won by CRRC in the U.S. have been altered or canceled in response.

Given the credible accounts that CRRC is using forced labor and child labor to manufacture passenger railcars and that the parts for the railcars are now being shipped directly into the U.S. and used in major U.S. cities¹, we have called on Congress to ensure products manufactured with forced and child labor not be allowed to be imported into the U.S. per Section 307 of the Tariff Act of 1930 which specifically prohibits these types of imports. We urge Customs and Border Protection to open an investigation into these imports and take proper action if the aforementioned claims are found to be true.

I appreciate the opportunity to express to you our coalition's concerns regarding this issue and would welcome the opportunity to discuss this with you further.

Respectfully,



Erik Robert Olson
Vice President, Rail Security Alliance

¹ Kinney, Jim. "Orange Line T Car Shells Start Arriving at Springfield Factory." MassLive, April 10, 2018. <https://www.masslive.com/business-news/2018/04/first-t-car-shells-arrive-at-crrc-execs.html>.