



## **T&I Committee Chair to U.S. Federal Transit Administration Head: More robust oversight of Chinese SOEs warranted for railcar procurement**

*In a letter to the U.S. Federal Transit Administration, House T&I Committee Chair Peter DeFazio warns against Chinese SOEs from undermining the U.S. transportation manufacturing industry, calls for more FTA oversight of SOE supply chains*

Washington, D.C. — In a [letter](#) to the leadership of the U.S. Federal Transit Administration, U.S. Rep. Peter DeFazio, chair of the House Committee on Transportation and Infrastructure, warned against one of the greatest threats to the U.S. transportation manufacturing industry as coming from “...*the rise of predatory Chinese state-owned and -supported enterprises, which rely on government-subsidized, below-market pricing to drive legitimate competitors out of business.*”

In the letter, Rep. DeFazio urged Administrator Nuria Fernandez to lead the agency in dealing with threats from Chinese SOEs to “...*ensure that the playing field is not further tilted against domestic manufacturers.*”

Rail Security Alliance Executive Director Erik Olson said, “*Advocating for a set of FTA-issued, targeted oversight standards, specifically for SOE procurements, is the right thing to do. It could help ensure greater SOE compliance with Buy America until Congress can fully prohibit transit agencies from making such procurements with federal funds.*”

Among the Chinese state-owned enterprises (SOEs) of concern is global railcar manufacturer CRRC, which has been placed on the U.S. Department of Defense entity list and has won \$2.6 billion in passenger railcar manufacturing contracts with U.S. transit agencies from Boston to Los Angeles.

[Oxford Economics](#) reports that for every \$1 billion awarded to a SOE, the U.S. loses between 3,250 to 5,100 manufacturing and supply jobs.

“*The FTA has recently undertaken an enhanced Buy America compliance review of one such rolling stock procurement by an exempted transit agency from a Chinese SOE.,*” Rep. DeFazio wrote. “*I support FTA’s proactive steps on this matter, and I urge FTA to undertake enhanced Buy America compliance reviews for all such procurements from SOEs.*”

In addition to conducting the mandated pre-award and post-delivery audits, Rep. DeFazio called for “...*deeper vetting and verification of component and subcomponent cost and origin data; and other oversight enhancements as identified by FTA.*”



He continued: *“While thorough Buy America compliance reviews are critical for all federally-funded procurements, they take on even greater significance for transit agencies purchasing rolling stock from entities that are intent on gaming the system and undermining legitimate competition.”*

*“Rep. DeFazio has been a consistent leader on the issue of passenger and freight rail security, giving much-deserved attention to the actions of SOEs like CRRC,”* said Erik Olson, executive director of the Rail Security Alliance. *“We are grateful for his leadership and urge Administrator Fernandez to act on this issue to guard tens of thousands of American rail manufacturers and suppliers from Chinese state-owned entities.”*

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### **About the Rail Security Alliance**

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.

### **For Immediate Release:**

Sept. 29, 2022

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