



U.S. Defense Department Ties CRRC to Chinese Military – Sanctions Possible

CRRC's inclusion on the entity list confirms ongoing concern among domestic rail manufactures and suppliers, and bipartisan lawmakers, about the threat the Chinese SOE poses in the U.S. RSA calls for sanctions against CRRC.

WASHINGTON, D.C. (Oct. 11, 2022) — Today, Rail Security Alliance (RSA) Executive Director Erik Olson commended the U.S. Department of Defense (DoD) for again including CRRC Corporation Limited on the [list](#) of “*Chinese military companies*” operating in the United States and called on the Biden Administration to impose sanctions against CRRC immediately.

“This is the [second time](#) CRRC has been placed on the Pentagon’s entity list,” said Olson. “Our nation’s 65,000 rail manufacturers and suppliers cannot afford to wait for CRRC to be placed on the list a third time. We call on the Biden Administration to immediately sanction CRRC.”

In a 2020 [hearing](#) before the Senate Committee on Banking, Housing, and Urban Affairs, testimony detailed CRRC as an extension of China’s civil-military fusion strategy, which seeks control over “global movement” and seeks dominance in transportation and manufacturing; and health, agriculture, information, information technology, finance, infrastructure, and data.

“CRRC’s activities in the U.S. started a years-long effort to overtake the passenger rail market,” said Olson. “That’s not where it ends. Through anti-competitive bids, which take rail manufacturing and supply jobs away from Americans, the larger U.S. rail sector is also put at risk. We applaud the DOD for seeing the grave threat CRRC poses.”

Other companies placed on the entity list include Chinese drone maker DJI Technology and surveillance equipment maker Zhejiang Dahua Technology. Along with CRRC, they present enough of a threat to submit them to an American investment ban.

The entity list, first published in 1997, is an export control blacklist intended to protect the U.S. from foreign entities that threaten U.S. national and economic security. The list identifies companies that act as a “*military-civil fusion contributor*” to China’s defense industrial base.

Inclusion on the list allows the President to invoke the International Emergency Economic Powers Act (IEEPA).

Following CRRC’s inclusion on the entity list in 2020, a group representing tens of thousands of U.S. manufacturers, [wrote](#) to the U.S. Treasury Secretary:

“The capability of the U.S. to freely move products throughout the country is vital not only our national security, but to our economic security as well. Due in large part to the role of freight



rail's role in the U.S., transporting sensitive military equipment, energy products, agriculture commodities, and toxic chemicals, among other things, the Department of Homeland Security named freight rail as 'critical infrastructure' under Presidential Policy Directive."

... Now is the time for the Administration to take immediate action against CRRC, which has been declared to be under the control of the PLA and which has demonstrated itself to be working against our national interests. The International Emergency Economic Powers Act gives the President clear tools to deal with such threats, allowing for sanctions on state-controlled enterprises to protect our own vital interests."

In July, Oxford Economics [reported](#) on CRRC: "Since the 1990s, China has pursued a policy towards SOEs of "grasping the large, letting go of the small," investing in national champions to dominate their respective industries." With \$35 billion in total revenue in 2021, CRRC received \$271 million in explicit Chinese government subsidies in 2020, and nearly \$1.3 billion total between 2015 and 2020.

The CRRC SOE has been awarded seven passenger rail projects in North America worth over \$4.3 billion and has underbid its market competitors by an average of 21 percent.

"The threat that CRRC poses to our nation's rail manufacturers and suppliers — and to our key industries — has not changed in the years that CRRC has entered the U.S. market," said Olson. "The Pentagon has again done the right thing by highlighting these foreign threats."

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