

SAFE TRAINS Talking Points

Background:

Introduction of the SAFE TRAINS Act:

The freight railcar market is now more secure due to a new rule issued by the Federal Railroad Administration (FRA). The SAFE TRAINS Act (Stopping America's Foreign Enemies Through Rail and Infrastructure National Security Act) was signed into law on November 15, 2021, as part of the bipartisan Infrastructure and Investment Jobs Act (IIJA or Act). The FRA final rule on SAFE TRAINS was "issued" and published in the Federal Register on December 19, 2024. [These regulations are found in 49 C.F.R. Part 215, Subpart E.]

Talking Points

Purpose and Implementation of the Rule:

- The Act prohibits railroad freight cars from operating on the U.S. freight railroad interchange system if they are manufactured, assembled, or substantially transformed or if the railcar is equipped with sensitive technologies from a country of concern (COC) or affiliated state-owned enterprises (SOE). Currently, the only country that meets the definition of a COC is China.

Key Provisions in the Rule:

- A railroad freight car may only operate on the U.S. general railroad system if:
 1. The railroad freight car is manufactured, assembled, and substantially transformed, as applicable, by a "qualified manufacturer" in a "qualified facility," which by definition cannot be owned by an SOE from a COC;
 2. None of the sensitive technology located on the railroad freight car, including components necessary to the functionality of the sensitive technology (i.e., the active components), originates from a COC or is sourced from an SOE affiliated with a COC; and
 3. Sets up limitations on the percentage of content on a freight railcar (i.e., the component parts) that originate from a COC or is sourced from an SOE affiliated with a COC. The content limitations are 20% for the first 3 years, then go down to 15% in 2028.

Effective Dates:

- The rule goes into effect on **January 21, 2025**.
- **The rule only applies to railcars wholly manufactured on or after December 19, 2025**, which is one year after the FRA issued the final rule.

Compliance Requirements:

- Railcar manufacturers are the only ones required to certify compliance with SAFE TRAINS to the FRA. Qualified railcar manufacturers must certify compliance with the Act to the FRA starting December 19, 2025.

- The rule prohibits Chinese freight railcars and Chinese-sourced sensitive technology (including any active components) physically located on freight railcars from being placed on the U.S. railroad interchange system.
- **The rule only applies to newly built freight railcars that are wholly manufactured on or after December 19, 2025, and prohibits any freight railcar covered by the rule that is not in compliance from operating on the U.S. railroad interchange system.** It does not apply to freight railcars that have been manufactured or partially manufactured before December 19, 2025.
- Because China is the only country that qualifies as a COC, the Act and implementing regulations restrict the Chinese state-owned railcar equipment manufacturer CRRC.

Manufacturer Obligations:

- Only freight railcar manufacturers are required to electronically certify compliance with the FRA before any newly built freight railcars are placed into service on the U.S. railroad interchange system. Manufacturers are only required to make this certification once at the time of initial manufacture for each freight railcar.
- **Railroads, railcar owners, lessors, offerors, suppliers, and railroad operators are not subject to compliance obligations under the Act or implementing FRA regulations.**
- **The rule does not impact any after-market commercial or maintenance activities.**
- The freight railcar manufacturers will keep the records that support the original certification and make them available for FRA review upon request.