



January 30, 2026

Ursula von der Leyen  
President  
European Commission  
Brussels, Belgium

Valdis Dombrovskis  
Executive Vice-President  
Trade Commissioner  
European Commission  
Brussels, Belgium

Dear President von der Leyen and Executive Vice-President Dombrovskis,

The Rail Security Alliance (RSA) respectfully writes to you regarding our concerns over CRRC Corporation Limited (CRRC) subsidiary CRRC Changchun Railway Vehicles (CRRC Changchun) and its potential deal with Hungary to purchase 100 new trains.<sup>1</sup> CRRC, a Chinese state-owned train manufacturer, is well known for using government subsidies and anti-competitive tactics to underbid private companies for global rolling stock contracts. CRRC's 1999 entry into the Australian market, described below, should serve as a warning to all E.U. member states that doing business with CRRC poses threats to domestic manufacturing and jobs.

### **Introduction**

RSA represents the manufacturing segment of the rail industry in North America for freight railcars and railcar components. Working alongside U.S. congressional leaders and current and past U.S. presidential administrations, we have sought to erect barriers to the Chinese state-owned rail enterprise (SOE), CRRC, as it pursues its goal of dominating railcar manufacturing worldwide. This \$33 billion SOE<sup>2</sup> has made aggressive and alarming inroads into North American and European markets by using state-backed financing, direct government subsidization (\$1.8 billion since 2015)<sup>3</sup>, below-market pricing, and other anti-competitive tactics to decimate domestic railcar manufacturing and with the single end goal of producing all railcars in the People's Republic of China (PRC) – wiping out domestic manufacturing in the process.

### **CRRC Scrutinized by the European Commission**

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<sup>1</sup> Railway Gazette, [“Hungary to Purchase Chinese Trains Ahead of Budapest–Beograd Reopening,”](#) 19 January 2026.

<sup>2</sup> CRRC Corporation Limited, *Annual Report 2024*, June 2025.

<sup>3</sup> Oxford Economics, [Off Track: The Role of China's CRRC in the Global Railcar Market](#), July 2022

In 2024, CRRC was the subject of the first-ever in-depth investigation under the Foreign Subsidies Regulation (FSR). The investigation was launched after CRRC Qingdao Sifang Locomotive, another CRRC subsidiary, was awarded a contract to build 20 electric trains for the Bulgarian State Railways with an estimated value of €609.8 million. CRRC's bid was 50% lower than the next competitive bid.

Instead of going through a public and transparent investigative process, CRRC withdrew its bid only six weeks after FSR announced its investigation<sup>4</sup>.

### **China's Quest to Dominate Global Rail Supply Markets**

As noted above, CRRC has made aggressive inroads into international markets to decimate domestic railcar manufacturing over the past decade. According to CRRC, its products are now offered in more than 104 countries, and it has 83% of the world's rail and rolling stock market.<sup>5</sup> Further underscoring the threat from CRRC, 2020<sup>6</sup>, 2022<sup>7</sup>, 2024<sup>8</sup>, and again in 2025<sup>9</sup>, the United States Department of War included the firm in a list of major state-owned companies it says are effectively controlled by the Chinese military. Also, in 2020, the Department of Treasury included CRRC in its Chinese Military-Industrial Complex Companies Sanctions List.<sup>10</sup>

CRRC's activities in Australia should serve as a blueprint for its designs in the European market. Within a decade of entering Australia's once-thriving domestic rail manufacturing industry, CRRC used its anti-competitive tactics to wipe out Australia's domestic rail manufacturing entirely in less than nine years. Today, Australia's railcar manufacturing is wholly controlled by CRRC.<sup>11</sup>

In the United States, CRRC won more than \$2.6 billion in U.S. taxpayer-supported transit contracts to provide passenger railcars for the cities of Boston, Chicago, Philadelphia, and Los Angeles. CRRC has underbid its competitors for U.S. contracts by 22% on average but has submitted bids as much as 50% lower than "Buy-America" compliant companies with large

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<sup>4</sup> The Wall Street Journal, [Chinese Train Maker CRRC Drops Bid for \\$665 Million Bulgarian Contract](#). March 27, 2024.

<sup>5</sup> @CRRC\_global, "[Following CRRC's entry to Jamaica, our products are now offered to 104 countries and regions. So far, 83% of all rail products in the world are operated by #CRRC or are CRRC ones. How long will it take for us conquering the remaining 17%?](#)" Twitter, January 11, 2018.

<sup>6</sup> U.S. Deputy Secretary of Defense David L. Norquist. [Letter to Senator Tom Cotton](#). June 24, 2020.

<sup>7</sup> DOD Releases List of People's Republic of China (PRC) Military Companies in Accordance With Section 1260H of the National Defense Authorization Act for Fiscal Year 2021, Oct. 5, 2022

<sup>8</sup> Rail Security Alliance, ["CRRC Lands on Defense Department Entity List for Third Year, Flagged Under 2024 NDAA."](#) February 13, 2024.

<sup>9</sup> U.S. Department of Defense. [Entities Identified as Chinese Military Companies Operating in the United States](#). 7 Jan. 2025

<sup>10</sup> [Executive Order 13959 of November 12, 2020](#)

<sup>11</sup> Oxford Economics, Will We Derail US Freight Rolling Stock Production? An Assessment of the Impact of Foreign State-Owned Enterprises on US Freight Rolling Stock Production, May 2017.

manufacturing facilities in the United States.<sup>12</sup> CRRC also attempted to win several other transit contracts in the U.S., including one from the Washington Metropolitan Area Transit Authority (WMATA). These bids, however, were unsuccessful due to a combination of public and U.S. Congressional pressure, and the passage of the Transportation Infrastructure Vehicle Security Act (TIVSA). Due to delivery, design, and safety issues, SEPTA recently canceled their contract with CRRC and plans to rebid the project in its entirety.

CRRC has mirrored its North American activities in various E.U. member states and other European countries. In 2019, Vossloh, a German-based rail technology company, announced it was selling its locomotives business to CRRC Zhuzhou Locomotive<sup>13</sup>. The deal became final on May 31, 2020. Also in 2020, and as mentioned previously, CRRC secured their first contract in urban rail in the European Union, worth €49.6 million, and includes 18 trams for Metro do Porto in Portugal<sup>14</sup>. In Bari, Italy, CRRC secured a public tender in January 2024 to provide 99 electric buses valued at ~€42.7 million<sup>15</sup>. CRRC is conducting trials of autonomous buses in France and plans to deliver more autonomous buses to bus operators in Paris in 2024<sup>16</sup>. To continue to grow their influence in the European rail sector, CRRC has established multiple research and development centers in Germany, United Kingdom, Sweden, and Italy<sup>17</sup>.

Further, CRRC's investments in Europe extend beyond the rolling stock sector. In 2018, CRRC purchased a 75% controlling stake in Alpi Aviation, an Italian military drone maker<sup>18</sup>. In addition to this, Serbian operator company, Srbija Voz, signed a deal with CRRC Changchun to deploy 5 high-speed electric multiple unit trains (EMUs) on the Budapest-Belgrade service<sup>19</sup>. To allow the 5 EMUs to operate, the Hungarian national railway group, MÁV, is modifying infrastructure to support the CRRC Changchun trains. Notably, this deal was signed before the FSR investigation mechanism was applied, meaning it was concluded ahead of any additional scrutiny that process could have introduced.

It's clear CRRC and its subsidiaries, such as CRRC Changchun, intend to deploy these same market-distorting tactics to dominate the European Union's rail manufacturing sector.

### **China's Anticompetitive Subsidized Behavior**

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<sup>12</sup> Nigel Cory, Information Technology and Innovation Foundation, [Heading Off Track: The Impact of China's Mercantilist Policies on Global High-Speed Rail Innovation](#), April 2021.

<sup>13</sup> Rail Tech, [CRRC acquires first locomotive manufacturer in Europe](#), May 2021

<sup>14</sup> Railway Supply, [The first CT tram from CRRC has been put into operation in the Portuguese city of Porto](#), July 2023

<sup>15</sup> Sustainable Bus, [CRRC and BYD win two tenders in Southern Italy](#), January 2024

<sup>16</sup> Bus News, [France's First Autonomous Bus Starts Trial in Val-de-Marne](#), October, 2024

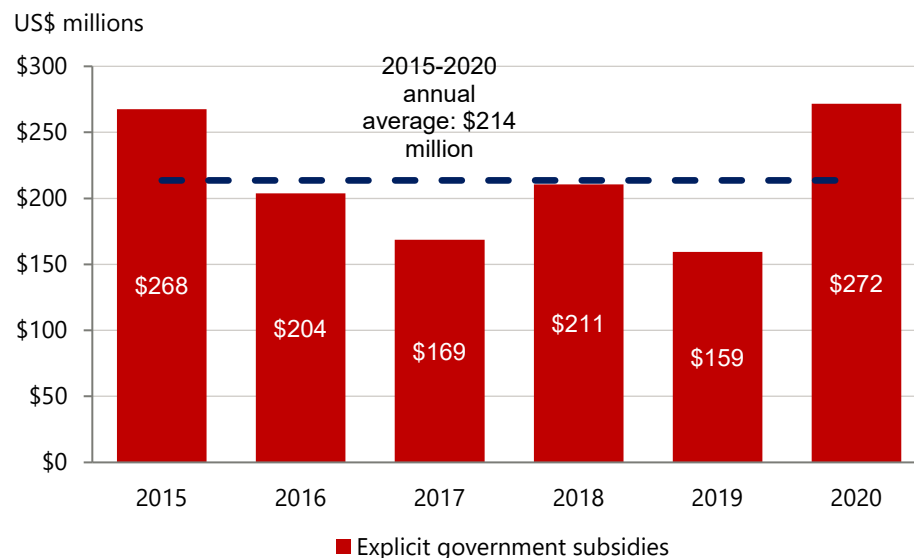
<sup>17</sup> China News, [China, Italy launch modern railway R&D center in Turin](#), June 2019

<sup>18</sup> CNBC, [China took control of an Italian military drone maker without authorities knowing it, report says](#), November 2021

<sup>19</sup> Ministry of Construction, Transport and Infrastructure of the Republic of Serbia, [Procurement of 5 New Electric Multiple Units \(EMUs\) for Speeds up to 200 km/h](#), July 2025.

CRRC is the most heavily subsidized rolling stock company in the world. In a 2023 report that analyzed subsidies and distortions in the rolling stock international markets, the Organization for Economic Co-operation and Development (OECD) found that CRRC obtained as much as 72% of all global government absolute support, including government grants, tax concessions, and below-market borrowings identified by the study.<sup>20</sup> CRRC is among the most heavily subsidized companies in China. The company received \$271 million in explicit government subsidies in 2020 alone and nearly \$1.3 billion between 2014 and 2020.<sup>21</sup> More recent disclosures show that CRRC recognized approximately \$104 million in 2021<sup>22</sup>, \$274 million in 2022<sup>23</sup>, \$216 million in 2023<sup>24</sup>, and \$270 million in 2024<sup>25</sup> in direct government support, about \$864 million in total from 2021 to 2024. Taken together, these figures indicate a conservative, company-reported total of roughly \$2.16 billion in explicit government grants to CRRC from 2014 through 2024. As with other Chinese state-owned enterprises, these explicit subsidies are supplemented by substantial implicit government support. Like other Chinese SOEs, CRRC receives large implicit subsidies. In a recent report, the Center for Strategic and International Studies estimated that direct subsidies to Chinese firms represent up to 20% of total industrial spending.<sup>26</sup> In addition, China reduced the income tax rate for high-tech firms like CRRC from 25% to 15% and raised the rate of additional deductions of R&D expenses from 50% to 75%.<sup>27</sup>

**Fig. 1. CRRC explicit government subsidies, 2015-2020**



Source: Bloomberg, CRRC annual reports, Oxford Economics

<sup>20</sup> OECD, *Measuring distortions in international markets: The rolling-stock value chain*, February 2023.

<sup>21</sup> Oxford Economics, *Off Track: The Role of China's CRRC in the Global Railcar Market*, July 2022.

<sup>22</sup> CRRC Corporation Limited. *2021 Annual Report*. CRRC Corporation Limited. June 2022.

<sup>23</sup> CRRC Corporation Limited. *2022 Annual Report*. CRRC Corporation Limited. May 2023.

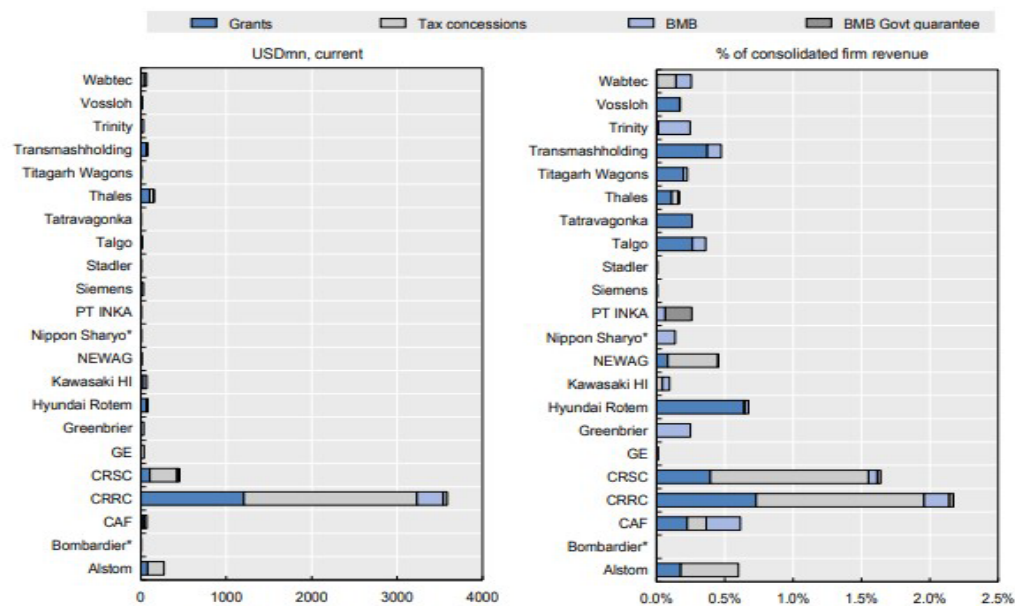
<sup>24</sup> CRRC Corporation Limited. *Annual Report 2023*. CRRC Corporation Limited. August 2025.

<sup>25</sup> CRRC Corporation Limited. *2024 Annual Report*. CRRC Corporation Limited. September 2025.

<sup>26</sup> DiPippo et al. The Center for Strategic and International Studies (CSIS). *Red Ink: Estimating Chinese Industrial Policy Spending in Comparative Perspective*. May 2022

<sup>27</sup> UNIFE, *A call for urgent action: The Fast Expansion of China's State-Owned Rail Suppliers*, November 2019.

**Fig. 2. Total government support for sampled companies in the global rolling stock market, 2016 – 2020**



Note: BMB = below-market borrowings. Data could not be located on the government grants obtained by firms marked \*\*\*. Data for GE only concern the period 2016-18 as the company exited the rail segment in 2019.  
Source: OECD research.

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Also troubling is the fact that CRRC makes clear that its chief obligation is to the Chinese state, and it has been uncovered that company executives and employees have direct ties to the Chinese Communist Party and the People's Liberation Army. According to a 2018 report, three of CRRC's current board members previously held high-level positions at state-owned defense companies, the Aviation Industry Corporation of China (AVIC) and the China Shipbuilding Industry Corporation (CSIC). Moreover, two former CRRC board members held positions at AVIC and the China North Industries Group Corporation Limited (NORINCO).<sup>29</sup>

## **Conclusion**

RSA commends the European Commission's previous efforts to use the Foreign Subsidies Regulation to investigate CRRC Sifang in Bulgaria. We hope the Commission will look closely at CRRC's deal in Hungary and be willing to use all the authorities at your disposal to ensure CRRC is not, once again, using government subsidies and anti-competitive tactics to gain unfair access to the European market. We believe CRRC poses a direct threat to domestic manufacturing in Europe, and we appreciate your attention to this urgent matter.

<sup>28</sup> OECD, *Measuring distortions in international markets: The rolling-stock value chain*, February 2023.

<sup>29</sup> Brigadier General John Adams, US Army (Retired), *National Security Vulnerabilities of the U.S. Freight Rail Infrastructure and Manufacturing Sector – Threats and Mitigation*, October 2018.

Sincerely,

A handwritten signature in blue ink that reads "Erik Olson". The signature is fluid and cursive, with the first name "Erik" and last name "Olson" clearly distinguishable.

Erik Olson  
Executive Director  
Rail Security Alliance