RSA Commends EU Commission for Completing Full Investigation into CRRC Market Distortions

Following the 2025 Foreign Subsidies Regulation investigation into CRRC's public procurement bid for the Lisbon Metro, the Commission's final report confirms that CRRC benefits from Chinese state subsidies that distorted the European rail tender

(Washington, D.C.) – Today, the Rail Security Alliance commends the EU Commission for its investigation into Portugal CRRC under the Foreign Subsidies Regulation (FSR). Their final conclusion clearly showed the consortium's bid was "unduly advantageous."

"There is only one takeaway from the Commission's final report: CRRC consistently and overwhelmingly disadvantages market-based rail manufacturers and suppliers any time it enters procurement bids for railcar manufacturing," said Erik Olson, executive director of the Rail Security Alliance.

Because CRRC has global ambitions for complete market dominance in the railcar manufacturing sector, *"The findings in this report are important for any government, whether in Europe or the U.S., or elsewhere,"* Olson said. *"This is particularly true as CRRC tries to disguise itself as a legitimate local manufacturer in the markets it enters."*

Background:

Portugal's Mota-Engil led a consortium to bid on Lisbon Metro's Violet Line railcars, with Portugal CRRC, a subsidiary of CRRC Tangshan Co., Ltd., as rolling-stock subcontractor. After Portugal CRRC's pricing helped undercut the contract's price threshold, the EU Commission opened an in-depth FSR investigation in Nov. 2025, citing indications of unfair Chinese state subsidies. One month later, Portugal CRRC announced it was withdrawing its bid.

Despite Portugal CRRC's refusal to cooperate with the Commission's information requests in this case, investigators found that its centralized internal financing structure allows subsidies raised in China to be redirected to its European operations, a move consistent with Beijing's stated industrial strategy worldwide.

Report findings:

- **Portugal CRRC's bid was the only one to clear the price threshold.** Of the four subcontractors who bid on the rolling stock component, only CRRC's offer was low enough to keep Mota-Engil's overall tender below the exclusionary price cap.
- **Portugal CRRC acts as a front.** The Commission found that Portuguese business filings for the CRRC subsidiary show only a handful of employees and a small office footprint, far too little to build light rail

vehicles. Instead, Portugal CRRC functions as a local front for its parent, CRRC Tangshan, which would actually manufacture and ship the rolling stock from China. A similar investigation into CRRC's Bulgarian railcar bid shows this is not an isolated case.

- **The scale of state support is staggering.** The Commission found Portugal CRRC's parent group received approximately EUR 1 billion in direct government grants and at least EUR 2 billion in tax reductions in the three years preceding the tender; beyond this are unquantified benefits from non-competitive, non-transparent procurement arrangements with China's state railway operator and preferential, below-market financing backed by a de facto unlimited state guarantee.
- **Portugal CRRC's own filings confirm the policy machinery behind it.** The Commission cited CRRC's annual reports, directly referencing China's Five-Year Plans and Made in China 2025, which aim to derive 40+ percent of business from overseas markets, and the explicit "go out" policy designed to subsidize Chinese state champions' expansion into markets such as the EU.
- **CRRC operates as a shielded monopoly at home.** The Commission found CRRC controls roughly 86 percent of China's rolling stock production and nearly all high-speed rail production, insulated from competition by a closed domestic market that generates over 90 percent of its revenue, giving it a captive base to subsidize aggressive underbidding abroad.
- **Corporate ownership ties run deep.** The Commission noted that Mota-Engil's own shareholding structure traces back through Epoch Capital Investments BV to China Communications Construction Group, another fully state-owned Chinese enterprise, raising further questions about the layers of state influence embedded in ostensibly "European" bids.

Read the full report here.

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For Immediate Release	September 22, 2026
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About the Rail Security Alliance

The Rail Security Alliance supports and encourages the adoption and enactment of U.S. policies, procedures and laws that promote the security of the railroads and the railroad system of the United States of America. RSA represents 65,000 domestic and North American freight railcar manufacturers and suppliers and an industry that contributes $6.5 billion annually to the U.S. GDP.