



June 2, 2021

Honorable Sherrod Brown
 Chairman
 Senate Banking Committee
 United States Senate
 Washington, DC

Honorable Patrick Toomey
 Ranking Member
 Senate Banking Committee
 United States Senate
 Washington, DC

Honorable Peter DeFazio
 Chairman
 Committee on Transportation
 & Infrastructure
 U.S. House of Representatives
 Washington, DC

Honorable Sam Graves
 Ranking Member
 Committee on Transportation
 & Infrastructure
 U.S. House of Representatives
 Washington, DC

Dear Chairmen Brown and DeFazio and Ranking Members Toomey and Graves:

On behalf of the undersigned organizations – representing companies and American workers throughout the domestic rolling stock supply chain – we write to express our continued support for the Transportation Infrastructure Vehicle Security Act (TIVSA), enacted into law in 2019 as a direct response to alarming national security and economic concerns with China’s state-owned and state-supported rolling stock manufacturers – specifically China Railway Rolling Stock Corporation (CRRC) and Build Your Dreams (BYD). These concerns persist today, more so than ever, and urge Congress to reject any attempts to undermine the TIVSA law.

Restricting the flow of U.S. tax dollars to these entities was a clear statement that the People Republic of China (PRC) must not have operational control of or backdoor access to U.S. transportation systems or access to U.S. tax dollars to advance its industrial and military capabilities. According to research by Radarlock, both CRRC¹ and BYD² are at the forefront of the PRC’s military-civil fusion (MCF) strategy with documented connections to the People’s Liberation Army (PLA), China’s Communist Party (CCP), and restricted PRC telecommunications entities³ like Huawei. CRRC has been identified on a Department of Defense list of “Communist Chinese Military Companies” operating directly or indirectly in the United States to support the PLA with access to advanced technologies and expertise.⁴ Similarly, Radarlock

¹ “CRRC and Beijing’s Dash for Global Rolling Stock Dominance,” Bruyere and Picarsic. Radarlock. October 2019. [Link](#)

² “Building the China Dream: BYD & China’s Grand Strategic Offensive,” Bruyere and Picarsic. Radarlock. October 2019. [Link](#)

³ Section 889 of the FY19 NDAA, Pub. L. No. 115-232, restricts the federal government and grant recipients from doing business with covered Chinese telecom entities.

⁴ Section 1237 of the FY99 NDAA, Pub. L. No. 105-261; DOD Press Release [Link](#); list of “Qualifying Entities” [Link](#)

reports that BYD uses its status as a private company to “obtain technology, information, and positioning from the international market, then to carry those back to the CCP and the PLA.”

The CRRC and BYD business model also threatens American workers with its focus on U.S.-based assembly of imported, Chinese-produced components. With its state ownership and the financial backing of the PRC, CRRC secured transit railcar contracts in major U.S. cities with impossibly low bids that established, market-oriented railcar producers had no chance of competing against. In 2018, CRRC tweeted that it accounts for “83% of all rail products in the world” and suggested it was seeking to conquer “the remaining 17%.” Its entry into the U.S. transit procurement market is undoubtedly a precursor to penetrating our freight rail market, a sector that not only supports 65,000 manufacturing jobs but is also responsible for moving 40 percent of all goods in the United States including sensitive military products.⁵

With massive PRC subsidies and other forms of state support enabling its growth trajectory, BYD aspires to expand its reach beyond transit buses and into the U.S. passenger electric vehicle market. BYD’s chairman has “boasted” of plans to dominate world auto sales by 2025⁶ and a BYD executive said the company planned to sell passenger cars in the United States in “roughly two to three years.”⁷ BYD USA President Stella Li recently explained that the company will be able to expand globally because it has control over all phases of its manufacturing, saying, “We integrate all of the key components in-house.”⁸ Left unchecked, BYD’s business model would threaten over 5,600 auto parts suppliers spread across the nation, employing 871,000 workers,⁹ along with U.S. efforts to incubate domestic battery production – a central goal of the Biden administration. According to Radarlock, “BYD has been nationally recognized for its collaboration with explicitly military and MCF entities. In 2019, BYD won a coveted National State Council Progress Award for its work in battery technology.”

Established competitors and their unionized workforce make up a strong and growing rolling stock manufacturing sector that is ready to respond to the needs of transit agencies for high-quality, American-made railcars, electric buses, and other transit vehicles. However, the U.S. *assembly* operations of CRRC and BYD are a supply line for rolling stock components imported from China, representing a direct threat to the domestic supply chain that supports well-paying jobs – many of which are union jobs – that vastly exceed the hundreds of assembly positions at the CRRC and BYD facilities.

Research by Oxford Economics estimates that for each U.S. job created by a Chinese SOE, the U.S. loses between 3.5 to 5.4 jobs when factoring in the direct, indirect, and induced economic impact. Put another way, for every \$1 billion of domestic passenger railcar contracts won by foreign SOEs, the U.S. economy could displace between 3,250 to 5,000 U.S. jobs and \$320 million to \$500 million in U.S. GDP.¹⁰ It cannot be overlooked that 300 TWU jobs were eliminated in 2018 when a Hyundai Rotem plant in Philadelphia was forced to close while CRRC was securing transit contracts in major U.S. cities with impossibly low bids, including SEPTA. We are encouraged, however, that the current policy framework, including Buy America policies and the TIVSA law, has given established companies the confidence to make new plant investments in railcar shell manufacturing that will create jobs for American workers.¹¹

⁵ “Will we derail US freight rolling stock production: An assessment of the impact of foreign state-owned enterprises on US freight rolling stock production,” Oxford Economics. May 2017.

⁶ “Stalls, stops and breakdowns: Problems plague push for electric buses,” LA Times. May 20, 2018. [Link](#)

⁷ “China’s BYD plans to sell passenger cars in U.S. in 2-3 years: executive,” Reuters. Jan. 19, 2017. [Link](#)

⁸ “The Electric Cars of the Future that You Can Afford,” ReachFurther. Accessed on May 14, 2021. [Link](#)

⁹ “State of the U.S. Automotive Industry,” American Auto Policy Council. Q3 2020. [Link](#)

¹⁰ “Assessing How Foreign State-Owned Enterprises’ U.S. Based Operations Disrupt U.S. Jobs,” Oxford Economics. June 2019. [Link](#)

¹¹ “NY: Citing ‘astronomical’ impact, Hornell IDA OKs support for Alstom expansion project,” Mass Transit. Apr 16, 2020. [Link](#)

Again, we urge that you reject any attempts to weaken the TIVSA law. Instead, Congress should focus on closing TIVSA loopholes, including: 1) eliminating any further delay in TIVSA's effective date; 2) correcting FTA's flawed implementation that gives four U.S. cities a permanent exemption; 3) cracking down on circumvention; and 4) validating Buy America compliance of BYD and CRRC.

Together, representing companies and workers that manufacture the rolling stock equipment for our nation's public transportation systems, we stand ready to work with you to create good manufacturing jobs as America moves forward with needed infrastructure investments.

Sincerely,

Alliance for American Manufacturing (AAM)
American Foundry Society (AFS)
American Iron and Steel Institute (AISI)
International Association of Machinists and Aerospace Workers (IAM)
Rail Security Alliance (RSA)
Railway Supply Institute (RSI)
Securing America's Future Energy (SAFE)
Steel Manufacturers Association (SMA)
Transport Workers Union of America (TWU)
United Steelworkers (USW)

Cc: Members of the United States Senate and U.S. House of Representatives