

BROWN STANDS UP AGAINST ECONOMIC, NATIONAL SECURITY THREATS POSED BY STATE- OWNED & STATE-SUPPORTED CHINESE RAIL AND BUS COMPANIES

SENATOR'S OPENING STATEMENT AT BANKING COMMITTEE HEARING ON THREATS POSED BY STATE-OWNED AND STATE-SUPPORTED ENTERPRISES TO PUBLIC TRANSPORTATION

WASHINGTON, D.C. — U.S. Sen. Sherrod Brown (D-OH) – ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs – delivered the following opening statement at today’s hearing: “Threats Posed by State-Owned and State-Supported Enterprises to Public Transportation.”

Sen. Brown’s remarks, as prepared for delivery, follow:

Thank you, Mr. Chairman, for calling today’s hearing on a bipartisan bill that you and I, along with Senators Cornyn and Baldwin and 48 others, successfully included in the National Defense Authorization Act at the end of last year.

I want to welcome Senator Cornyn and Senator Baldwin, our partners in the Transit Infrastructure Vehicle Security Act. I also want to thank the many members of this Committee who supported and cosponsored the bill.

Our Committee’s bipartisan work to address a threat to public transportation from companies supported and controlled by the Chinese government shows that our government can be nimble in responding to new economic and security threats. We must be vigilant. It’s why just this week, Senators Cornyn, Baldwin, Crapo and I have sponsored an amendment to the energy bill on these issues.

While TIVSA is now law, we need to keep our focus on the two Chinese companies in question: CRRC and BYD. These companies have repeatedly shown that they do not play by rules.

Let’s talk first about CRRC. As a state-owned enterprise, CRRC didn’t have to worry about making a profit when it used lowball bids to win four major U.S. contracts for transit rail cars.

In 2014, CRRC offered a bid on the Boston MBTA contract that was more than \$150 million lower than the next competitor, In Chicago in 2016, they beat the next lowest bidder by \$226 million.

That's not because they were doing the work more efficiently – it's because they were being propped up by the Chinese government. So it's not surprising that established manufacturers were unable to match these bids.

But that isn't even the full picture of the damage from CRRC's lowball bids.

Hyundai-Rotem manufactured rail cars for Philadelphia's SEPTA system and Denver's RTD system. The 300 Hyundai workers in its Philadelphia factory were represented by Transport Workers Union Local 234, and they made a middle-class living wage with employer-provided benefits and a retirement plan. All of these workers lost their jobs after Hyundai-Rotem lost the SEPTA contract to CRRC.

Hyundai closed the plant in August of 2018. For every U.S. job created by CRRC, it's estimated the U.S. loses between 3 and 5 jobs.

Before Congress acted last year, CRRC was making plans to win a contract with the Washington, D.C. Metro worth more than \$1 billion dollars.

And then there's the electric bus maker BYD, another company covered by TIV-SA. I want to be clear – my concern with CRRC and BYD is not with the American workers they employ, but with Chinese government's influence and control.

BYD may not be technically owned by the Chinese government, but it's certainly controlled by it. As our expert witnesses will testify, BYD may receive even more State support than CRRC, and BYD has deep ties to the Chinese government.

BYD's goals in the U.S. extend far beyond the public transportation market. BYD supplies electric trucks for freight delivery, it offers electric garbage trucks to cities, and it's eyeing the passenger car market.

There are four other major bus manufacturers that build electric buses in the U.S., and two are American-owned. These companies are ramping up their production of zero-emission buses to help American transit agencies reduce emissions, but they do not enjoy enormous support from the Chinese communist party.

This is an industry of the future – we can't cede it to China.

BYD likes to point out that Warren Buffet is an investor in their company. One billionaire investor does not mean that BYD is looking out for the interests of American workers.

CRRC and BYD are two in a long line of examples of how China cheats its way into being a global leader in industry after industry. Ohio's steel industry knows that all too well.

For years, Chinese state-owned steel companies have been flooding our market and the global market, and forcing U.S. steelworkers out of their jobs.

It's why we've taken more than 60 trade enforcement actions against Chinese steel producers, to help create a level playing field for American producers.

But CRRC and BYD undermine those trade enforcement efforts by purchasing Chinese steel, turning it into frames and shells for buses and rail cars at factories in China, and then shipping them to the United States for final assembly – and they get bought using taxpayer dollars, threatening our steelworkers.

It's exactly the kind of cheating you'd expect from those Chinese companies that refuse to play by the rules.

It's a jobs issue, and it's also a national security issue.

When we let Chinese companies manufacture our buses and rail cars, we also face cyber and data security risks. Our hearing today will discuss these concerns facing transit agencies and our broader transportation sector. TIV-SA created an important new requirement for transit agencies to assess cybersecurity risks, but Congress still needs to fully assess the risks associated with data from our transportation system being exposed to foreign actors.

We also know the threat of Chinese state-owned enterprises investing in the U.S. isn't limited to rail and bus manufacturers. We don't even know all the ways in which companies owned or controlled by the Chinese government are gaining footholds in our market.

My legislation with Senator Grassley – the Foreign Investment Review Act – would require the Secretary of Commerce to review certain foreign investments,

particularly those made by state-owned-enterprises, to make sure they are in the long-term, strategic interests of American workers and American businesses. This is just another example of bipartisan legislation that can help address new economic and security threats.

I will close by noting that as we work to reauthorize transit programs, we need to strengthen Buy America requirements. It's not complicated: American tax dollars should be support American jobs.

Thank you, Mr. Chairman.

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