

## **Crapo Statement at Hearing on Threats Posed by State-Owned Enterprises to Public Transportation**

*March 5, 2020*

**WASHINGTON** – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing entitled “Threats Posed by State-Owned and State-Supported Enterprises to Public Transportation.”

*The text of Chairman Crapo’s remarks, as prepared, is below.*

“Today’s hearing will focus on the threats posed by state-owned and state-supported enterprises on public transportation.

“Last year, Ranking Member Brown and I were original co-sponsors with Senators Cornyn and Baldwin in introducing S. 846, the Transit Infrastructure Vehicle Security Act, language that served as the basis for Section 7613 of the National Defense Authorization Act, or NDAA, which was enacted in December.

“As you will see today, this issue has broad bipartisan support.

“There are 52 bipartisan co-sponsors of S. 846, and more than half of the members of this Committee, on both sides of the dais, are among that list.

“The provisions in S. 846 are also supported by the Trump Administration, both in a Statement of Administration Policy regarding the House NDAA, and Acting OMB Director Russell Vought’s letter to House and Senate Armed Services Committees supporting the language ultimately reflected in Section 7613.

“Today’s expert witness panel reflects the multi-faceted nature of threats BYD and CRRC pose to our national security, the economic competitiveness of the domestic bus and rail manufacturing industry, and cybersecurity.

“All of the witnesses have been valuable resources to the Committee as we got the language of S. 846 enacted into law, and we thank them for their expertise and willingness to help.

“From a national security perspective, 15 former generals and admirals from the Energy Security Leadership Council wrote a letter warning of the Chinese strategy to dominate critical industries.

“The former military leaders stated that the ‘Chinese industry is inexorably intertwined with Chinese government, which creates a host of economic and national security concerns for the U.S.’

“Economically, both CRRC and BYD include direct subsidies from the Chinese government in their annual reports.

“There are presently at least seven other transit railcar manufactures besides CRRC and at least five other transit bus manufacturers besides BYD in the United States.

“It is impossible for other bus and rail manufacturers to fairly compete when these two companies have the unfair advantage of the financial support of the Chinese government.

“As transit agencies are working to address the 98.8 billion dollar state of good repair backlog in the industry, they are often looking to modernize, such as transitioning to electric buses and incorporating autonomous technologies.

“Along with the modernization comes increased connectivity, which increases the threat of cyber incidents and espionage.

“The language enacted in Section 7613 of the NDAA acknowledges that all of these threats are real, and applies significant new restrictions on funding for the acquisition of CRRC railcars and BYD buses.

“It is unfortunate that Section 7613 includes a two-year delay on the prohibition, and it is critical that transit agencies immediately understand the threats associated with purchasing from a state-owned or state-supported entity, and how that should affect their procurement decisions now and looking ahead.

“Recently, Senator Brown and I, along with House Transportation and Infrastructure Chairman DeFazio and Ranking Member Graves, wrote to Secretary Chao emphasizing the urgent need for the Department of Transportation to put out information online or issue a ‘Dear Colleague’ so that transit agencies are informed of the new law and can plan their rolling stock procurements accordingly.

“We have already heard anecdotally that both BYD and CRRC have been seeking to misinform agencies as to the applicability of the language.

“In order for agencies to make informed procurement decisions, it is critical that the Administration respond and give transit agencies the tools they need to understand how to comply with the statute.”

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