

Testimony of U.S. Senator Tammy Baldwin
Committee on Banking, Housing, and Urban Affairs
Hearing on State-Owned and State-Supported Rolling Stock Providers
March 5, 2020 at 10am

Chairman Crapo and Ranking Member Brown, thank you for the opportunity to be here today to discuss our legislation, the Transit Infrastructure Vehicle Security Act, which became law in December 2019 as part of the National Defense Authorization Act for Fiscal Year 2020.

This law is important to me in short because Wisconsin is a state that makes things. For generations, we have assembled our nation's ships, built our nation's engines, and brewed our nation's beer. However, since we allowed China to enter the World Trade Organization in 2001—a move I opposed—millions of manufacturing jobs have been lost. And many workers have seen their wages stagnate as a result of downward pressure from competition from Chinese state-backed companies.

As a non-market economy, China gives hundreds of billions in state subsidies to manufacturers in industries in which the government wants to compete. In 2015, the Chinese Communist Party released a strategic document outlining how it intends to compete globally in manufacturing called “Made in China 2025.”

This plan revealed that China desires to dominate in railcar and electric bus manufacturing. Recently, two state-supported companies have made in-roads into the U.S. market, the railcar manufacturer China Railway Rolling Stock Corporation (CRRC) and the bus and electric battery manufacturer Build Your Dreams (BYD).

We know from observing CRRC's entry into the Australian market that domestic industry cannot compete with China's aggressive state-owned enterprises. Over the last fifteen years, Australia's domestic railcar production collapsed as CRRC gained increasing market share.

Wisconsin manufacturers are happy to compete with anyone in the world, but they need a level playing field. China's non-market economy forces Wisconsin manufacturers to compete with Chinese companies that get free land, free utilities, free R&D, and interest-free loans worth hundreds of millions of dollars.

These Chinese government-subsidized rivals would be bad enough, but now these companies are increasingly using their U.S. assembly facilities to win taxpayer-funded contracts from the Federal Transit Administration to procure buses and railcars for American cities.

When taxpayer dollars are spent, we must make every effort to ensure they support American workers and businesses. As a strong supporter of expanding and improving Buy America requirements, I was proud to join Senators Crapo, Brown, and Cornyn in introducing and passing legislation to prohibit FTA funds from going to companies supported by non-market economies, such as BYD and CRRC.

In two years, the prohibition in the law will go into force. Transit agencies need to know how they will be affected as soon as possible. Senator Cornyn and I have both requested that Secretary Chao and Acting FTA Administrator Williams publish information to ensure that transit agencies planning for the future are able to make safe, informed, and legal procurement decisions.

While the legislation addressed many immediate concerns facing domestic railcar and bus manufacturing, I urge the Committee to work with the Department of Transportation to further tighten Buy America requirements to ensure that federal taxpayer dollars support good-paying manufacturing jobs in the U.S. I am deeply concerned by a study from Oxford Economics that found that CRRC's railcar production in the U.S.—while compliant with Buy America—relies heavily on imported parts. The report estimated that—as a result of this “import and assemble” business model—every one job CRRC creates in the U.S. eliminates as many as five U.S. jobs.

I will close by commending the Committee on the oversight work it is doing to ensure that this law is implemented as swiftly and as effectively as possible and once again thank the Chair and Ranking Member for the opportunity to testify here today.