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Legislation Introduced Preventing Rolling Stock Acquisitions from Chinese Manufacturers

INTERNATIONAL, MANUFACTURING
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While the U.S. – China trade war continues, members of Congress have new concerns regarding China's push to dominate the U.S. transit car market. On March 14, 2019, United States Senators John Cornyn (R-TX) and Tammy Baldwin (D-WI) introduced the *Transit Infrastructure Vehicle Security Act* to prevent transit agencies from using federal funds to acquire rolling stock, meaning rail cars or buses, manufactured by any company that is Chinese owned, controlled or subsidized. The bill has received backing from Senate Banking, Housing and Urban Affairs Committee Chairman, Senator Mike Crapo (R-ID), and Ranking Minority Member, Senator Sherrod Brown (D-OH). This bipartisan bill is meant to protect the United States from the threat of China's aggressive global growth strategy.

The primary aim of this bill is to counter China's "Made in China 2025" initiative, which shifts China from low-end manufacturing to high-tech manufacturing, including robotics, information technology and clean energy. Two of China's strategically selected sectors for growth are rail and bus manufacturing. China has penetrated the U.S. market by winning contracts using a "bargain price" approach, including state subsidies, which has been successful in a large number of metropolitan areas. The number of threats related to the procurements of these transit assets will increase, including impeding economic competitiveness and gaining control over the supply chains that support U.S. public transit agencies if the acquisition of these assets continues.

Another focus of the bill is to implement proper cybersecurity standards, as Congress has noted that cybersecurity threats have increased with the influx of Chinese rolling stock. This bill would require transit operators to develop and execute appropriate plans for identifying and reducing the cybersecurity risk by reviewing best practices and determining hardware and software of rail and bus assets that would need third-party testing.

If Congress approves the bill, which is likely based on strong bipartisan support, the economic outlook for U.S. manufacturers of rail cars, busses and related materials should greatly improve.

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