

# United States Senate

WASHINGTON, DC 20510

September 28, 2016

The Honorable Jacob Lew  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, Northwest  
Washington, D.C. 20220

Dear Secretary Lew,

We the undersigned write today to request that the Committee on Foreign Investment in the United States (CFIUS) investigate, in consultation with the Department of Homeland Security, the pending stock transfer that will give the China Railroad Rolling Stock Corporation (CRRC) majority ownership of the American railcar manufacturer Vertex Railcar Corporation.<sup>1</sup>

The state-owned CRRC is the largest railcar manufacturer in the world—four times larger than the entire U.S. rail manufacturing sector. The Chinese government has used CRRC as a tool in its international trade agenda to enter foreign markets to the detriment of domestic manufacturers in Australia, Pakistan, the United Kingdom, and other countries.<sup>2</sup> CRRC has already begun to underbid domestic competitors for railcar contracts in Boston and Chicago. In effect, American railcar manufacturers and their associated industries, such as steel, must now compete against all the resources of the Chinese government.

American railcars are largely made with American iron and steel by workers who are paid a good wage. CRRC ownership would likely shift the bulk of railcar production to China, leaving only low-paid assembly jobs left in the U.S.—dealing a significant blow to the foundries and steel manufacturers who have supplied the domestic railcar industry for decades.

Freight rail is considered a critical infrastructure by the Department of Homeland Security. Given the efforts of many in government to increase the safety of our rail cars, particularly those carrying crude oil, we believe there is a significant security interest in ensuring that there remains a domestic railcar industry. Further, American manufacturers have recently accused Chinese

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<sup>1</sup> Cece Nunn, “Vertex: Signs of Growth or Trouble?” *Greater Wilmington Business Journal* (2015), [http://www.wilmingtonbiz.com/more\\_news/2015/06/19/vertex%C3%83%C2%A2%C3%A2%E2%80%9A%C2%AC%C3%8B%E2%80%A0signs\\_of\\_growth\\_or\\_trouble/13446](http://www.wilmingtonbiz.com/more_news/2015/06/19/vertex%C3%83%C2%A2%C3%A2%E2%80%9A%C2%AC%C3%8B%E2%80%A0signs_of_growth_or_trouble/13446).

<sup>2</sup> For Australia, see Downer-CRC, “About,” <http://downer-crc.com.au/index.php/about-us/>. For Pakistan, see International Railway Journal, “Pakistan Railways orders 800 wagons from CRRC,” January 14, 2016 <http://www.railjournal.com/index.php/rolling-stock/pakistan-railways-orders-800-wagons-from-crrc.html>. For the United Kingdom, see China Daily, “China Railway making significant inroads in UK ahead of HS2 bid,” September 24, 2015. [http://europe.chinadaily.com.cn/business/2015-09/24/content\\_21974743.htm](http://europe.chinadaily.com.cn/business/2015-09/24/content_21974743.htm).

government-backed companies of stealing trade secrets through hacking. We urge CFIUS to consider this history when weighing the approval of this transaction.

In closing, we ask you to fully examine all details of the Vertex Railcar Corporation stock transfer while consulting the Department of Homeland Security to ensure that the domestic rail industry is able to continue supporting our country's economy and security.

Sincerely,



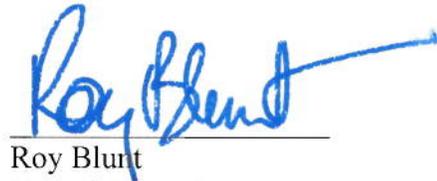
Jerry Moran  
United States Senator



Tammy Baldwin  
United States Senator



Richard Shelby  
United States Senator



Roy Blunt  
United States Senator



John Boozman  
United States Senator



Maria Cantwell  
United States Senator



Robert P. Casey, Jr.  
United States Senator



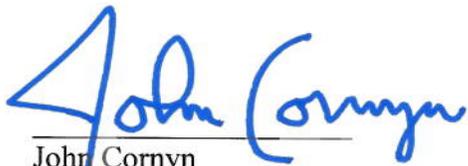
Bill Cassidy, M.D.  
United States Senator



Dan Coats  
United States Senator



Thad Cochran  
United States Senator



John Cornyn  
United States Senator



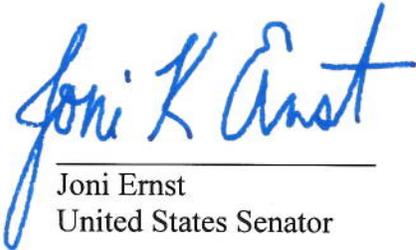
Ted Cruz  
United States Senator



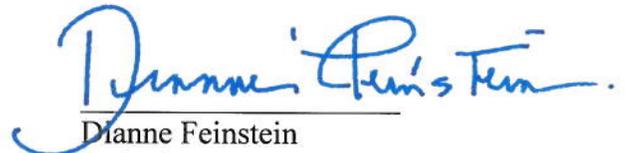
Joe Donnelly  
United States Senator



Richard J. Durbin  
United States Senator



Joni Ernst  
United States Senator



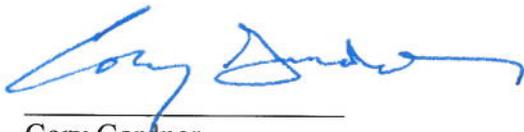
Dianne Feinstein  
United States Senator



Deb Fischer  
United States Senator



Al Franken  
United States Senator



Cory Gardner  
United States Senator



Kirsten E. Gillibrand  
United States Senator



Lindsey Graham  
United States Senator



Charles E. Grassley  
United States Senator



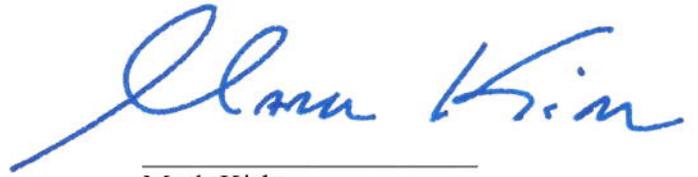
John Hoeven  
United States Senator



James M. Inhofe  
United States Senator



Johnny Isakson  
United States Senator



Mark Kirk  
United States Senator



Amy Klobuchar  
United States Senator



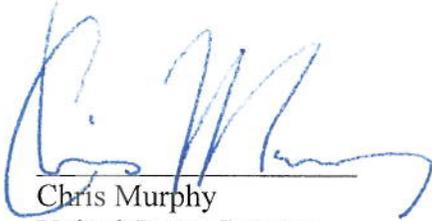
Joe Manchin III  
United States Senator



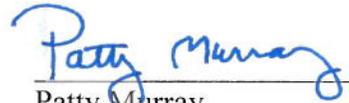
Claire McCaskill  
United States Senator



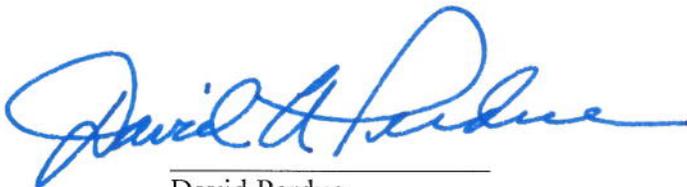
Jeffrey A. Merkley  
United States Senator



Chris Murphy  
United States Senator



Patty Murray  
United States Senator



David Perdue  
United States Senator



Gary C. Peters  
United States Senator



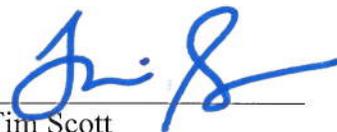
Pat Roberts  
United States Senator



Marco Rubio  
United States Senator

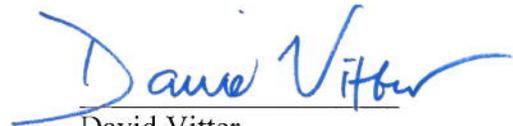


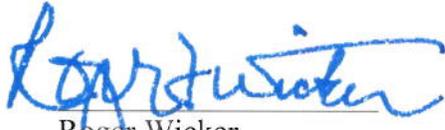
Charles E. Schumer  
United States Senator

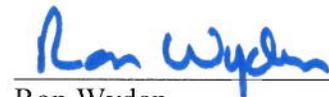


Tim Scott  
United States Senator

  
Jeff Sessions  
United States Senator

  
David Vitter  
United States Senator

  
Roger Wicker  
United States Senator

  
Ron Wyden  
United States Senator