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September 25, 2018

The Honorable Robert E. Lighthizer
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Subject: Public Comment Concerning Proposed Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation ("Proposed Action")

Re: Docket No. USTR-2018-0005

Dear Ambassador Lighthizer,

I am writing in response to an action by your office that threatens the jobs of more than 100 workers in my community and the mass transit systems they support across our country. Effective July 6, 2018, your office imposed an additional tariff of 25 percent on certain products imported from China, including rolling stock components that are essential to manufacturing rail cars.

These tariffs substantially increase production costs for China Railway Rolling Stock Corporation (CRRC), a railcar manufacturer that opened a \$95 million factory this year in the Massachusetts Senate district I represent. This factory employs 120 workers, with plans to hire 20 more by the end of the year.

These are good, high-paying manufacturing jobs with an average salary of \$65,000 — the kind of job that enables a worker to raise a family, and the kind of work that we both want to see return to our former manufacturing centers across America.

CRRC already has contracts to build rail cars for the transit systems in Boston, Chicago, Philadelphia, and Los Angeles. The company expects these contracts to provide work through 2025. But these tariffs threaten the production schedules of these major infrastructure projects, creating uncertainty for both the projects themselves and the employees working to complete them.

Moreover, these tariffs are a direct cost to the manufacturer — a cost that is passed onto our taxpayers, who fund our public transportation systems. In other words, these tariffs are essentially a tax on commuters who live in some of our country's largest metropolitan areas and use these transit systems in their daily lives.

CRRC has filed a request with your office for tariff exemptions on more than 100 items they need to complete railcar contracts, and I am urging you to approve this request in the interest of the 120 workers in my community and the millions of mass transit riders who rely on our transportation systems.

It is worth noting that we do not, at this time, have an alternative supplier as effective and efficient as CRRC. CRRC is the world's largest supplier of rail transit equipment, according to an August 29 [article](#) in *The Washington Post*.¹ The company, although based in China, is making our railcars because there are no U.S. companies that manufacture railcars. In addition, CRRC competed fairly for the contracts, [outbidding](#) its fellow foreign manufacturers,² making CRRC the most cost-effective option for our taxpayers. Furthermore, railcar manufacturers are subject to "Buy America" requirements, meaning that they have to source much of their own building materials from U.S. suppliers, supporting more American jobs in the process. We are gaining, not losing, in our partnership with CRRC.

These tariffs are an unfair penalty on a company that is creating jobs in my Senate district, and I hope your office will take the necessary actions to exempt CRRC from these punishing tariffs.

Please do not hesitate to contact my office for further information regarding this matter.

Sincerely,



Senator Eric P. Lesser
First Hampden and Hampshire District

¹ Isaac Stone Fish, "How a restriction on Chinese-made subway cars makes life harder for commuters" in *The Washington Post*, Aug. 29, 2018.

² Jason Margolis, "Bostonians will soon ride on Chinese and American-built subway cars," in *PRI*, July 19, 2016.