



## THE CITY OF SPRINGFIELD, MASSACHUSETTS

MAYOR DOMENIC J. SARNO

*HOME OF THE BASKETBALL HALL OF FAME*

September 14, 2018

The Honorable Robert Lighthizer,  
United Trade Representative  
600 17<sup>th</sup> Street NW  
Washington, DC 20508

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

Docket No. USTR-2018-0005

Dear Ambassador Lighthizer:

I want to comment on the Trump Administration's Section 301 investigation into the acts, policies and practices of the Government of China as it relates to technology transfer, intellectual property and innovation. Springfield, Massachusetts is home to the world's largest rail car company, CRRC, which recently invested \$95 million in a new facility that opened in 2018 and is now producing rail cars, employing 150 in our City with the average salary of \$65,000.

It is CRRC's first North American facility and its success is critical to our city and region's economy, bringing back manufacturing and skilled labor to our city. That success is tied not only to the production and jobs created by CRRC, but the supply chain of smaller local businesses that are feeding the facility and creating good paying jobs for our residents.

We applaud the President's pledge to addressing unfair trade practices faced by American businesses. However, we are writing today to express our concern that certain items proposed for tariffs in response to these practices would increase the cost of CRRC's rail cars which would eventually affect the publicly funded projects and penalize the taxpayers. Specifically, we are concerned that a number of rail cars and

bus related goods from Chapter 86 of the Harmonized Tariff Schedule (HTS) will severely undermine the nation's plans for expansion and moderation of its public mass transit.

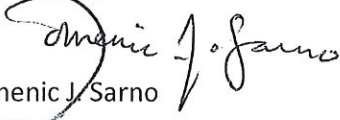
At this time CRRC has contracts with the Massachusetts Bay Transit Authority (MBTA) and the Los Angeles County Metropolitan Transportation Authority (Metro). These contracts are expected to last for the next five years. The Office of the US Trade Representative's (USTR) proposes tariff action will have an adverse effect on the cost of these rail cars and our local economy.

It is our understanding that USTR's stated objective in the proposed action is to diminish Chinese sponsored acts that harm and deprive US companies from competing in a fair and open market. The application of a tariff on rail cars will not accomplish that goal as there are no U.S. manufacturers of light and heavy rail transit vehicles. All Transit Vehicle Manufacturers are foreign owned. Also, the FAST Act requires all federally funded projects to meet "Buy America" requirement that dictate a minimum value of U.S. manufactured products, components and systems content in each rail car. As an example, CRRC has committed to Los Angeles Metro's contract to use 70% of US-manufactured components and systems in each rail car. CRRC has also committed to performing the final assembly of Metro's vehicles in Massachusetts.

Springfield's objection based on the potential harm the proposed tariffs will have to our local economy is not unique to Western Massachusetts. On behalf of the City of Springfield and a clear appreciation that the taxpayers are funding a portion of funding of the rail cars I urge USTR to remove these rail cars and bus related goods from the list of products that will be subject to 301 tariffs.

If you have any questions regarding this important topic, please do not hesitate to contact me at (413) 787-6100.

Respectfully,

  
Domenic J. Sarno  
Mayor