



December 12, 2018

The Honorable Rodney Frelinghuysen  
Chairman  
House Committee on Appropriations  
H-305, The Capitol  
Washington, DC 20515

The Honorable Nita Lowey  
Ranking Member  
House Committee on Appropriations  
H-305, The Capitol  
Washington, DC 20515

**Subject: Support for Fiscal Year 2019 Transportation-HUD Appropriations amendment to prohibit funds made available to the Federal Transit Administration from being used for the procurement of rolling stock, including buses, from manufacturers supported by the Government of China**

Dear Chairman Frelinghuysen and Ranking Member Lowey:

New Flyer of America Inc. (New Flyer), headquartered in St. Cloud, Minnesota, is a U.S. subsidiary of Canadian-based NFI Group Inc., the largest transit bus and motor coach manufacturer and parts distributor in North America. On behalf of our over 6,000 team members, with over 3,250 employed in the United States and growing, I write to encourage Congress to support the Senate-passed Fiscal Year (FY) 2019 Transportation, Housing and Urban Development amendment prohibiting funds made available to the Federal Transit Administration (FTA) from being used for the procurement of rolling stock, including buses, from manufacturers supported by the Government of China.

New Flyer continues to expand its operations across the U.S. Our Anniston, Alabama facility, with 750 employees, is dedicated to the advancement of bus and coach technology, including electric, autonomous and telematics technologies. We've also invested \$28 million to establish a new part fabrication facility in Shepherdsville, Kentucky – and anticipate hiring over 550 employees. As you can see, we've continued to build on our over 85-year legacy of innovation (with over 50 of those years in manufacturing zero-emission buses) to deliver innovative transit technology.

For years, China has provided immense support for new energy vehicles (NEVs), such as electric buses and the lithium-ion battery cells they use. NEVs are included as one of the ten strategic advanced technology manufacturing industries for promotion and development described in the "Made in China 2025" industrial policy; leveraging state resources to rework and generate prejudicial advantage on a global scale. China's state-sponsored growth in the NEV sector has been detrimental to the U.S. heavy-duty bus industry; an industry which is substantially funded through U.S. federal tax dollars. As buses become more efficient and the electric vehicle markets continue to grow, a fair and level playing field must be maintained for U.S. manufacturers to compete domestically and in the global market.

For example, BYD Motors, Inc., (BYD) the subsidiary to BYD Co Ltd., a Chinese manufacturer of electric buses, has admitted to being supported by the Chinese government; and by their government's own design, we cannot confirm the details of these subsidies. To make matters worse, U.S. transit agencies and municipalities are paying for Chinese electric-battery buses with federal funds through FTA grants. Not only are U.S. business and consumers being affected by these unfair practices, but the U.S. government is subsidizing the Chinese government via public transit authorities.

To be clear, this is not just another foreign company trying to do business in the United States. Much of the rolling stock, including buses and rail, contain GPS systems, surveillance cameras, Wi-Fi, and other





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sensors to ensure safety and maintain bus operations. There are legitimate potential cybersecurity vulnerabilities on rolling stock with these types of systems.

The Senate Judiciary Committee held a hearing December 12<sup>th</sup> on “China’s Non-Traditional Espionage Against the United States: The Threat and Potential Policy Responses.” In discussing Made in China 2025, Chairman Grassley said, “In simple terms, it’s called cheating. And it’s only getting worse.” – we agree. China’s strategic goals, referenced by Senator Cornyn in the hearing as the “wheel of doom”, requires a “whole-of-government response by the United States,” said John Demers, Assistant Attorney General, National Security Division at the Department of Justice.

While BYD is attempting to back its claim of being just another American company with foreign ownership, the truth of the matter is that BYD is heavily subsidized by the Chinese government. With this in mind, the proposed ban on FY 2019 FTA grants will ensure that a Chinese supported enterprise that poses a risk to American jobs, innovation, and national security is not being subsidized by the U.S. federal government and the American taxpayer.

Sincerely,

Wayne Joseph  
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