



STATEMENT
OF
THE ALLIANCE OF AUTOMOBILE MANUFACTURERS

BEFORE THE:
HOUSE COMMITTEE ON ENERGY & COMMERCE

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PRESENTED BY:

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SUMMARY OF ALLIANCE OF AUTOMOBILE MANUFACTURERS TESTIMONY

Personal transportation is poised to undergo revolutionary change. Three converging trends are driving this dynamic change and will continue to do so.

- The first is the rapid emergence of crash avoidance and driver assistance technologies that serve as the building blocks for automation and will ultimately culminate in full driving automation.
- The second is the evolution of ride-hailing and car-sharing, starting with Uber, Lyft, Car2Go and others but swiftly moving to a wide range of other providers and models.
- The third is the evolution in power trains – with the primary driver of this transformation being the fuel economy and greenhouse gas standards. This should be driven by actual consumer demand, not pushed by aspirational policy requirements.

Most analysts and stakeholders embrace the idea that automated vehicle technology has tremendous value for safety and that accelerated deployment is highly desirable. But we also know that the traditional regulatory mechanisms cannot handle the pace of innovation that is occurring in our industry today.

Secretary Foxx and Administrator Rosekind put their finger on this very problem and deserve credit for advancing the Federal AV Policy Guidance that aims to facilitate the delicate policy mix of oversight and regulatory flexibility.

We are examining the NHTSA AV Policy Guidance that was released on September 20th and will formally respond by the comment deadline. Our overall impression is that the Guidance is a good first step. Our formal comments to the agency will include suggestions for improvement and requests for clarity. We have some suggestions, which we feel are necessary to ensure that automakers are able to proceed with AV development, testing and deployment without undue delay.

- The AV Policy Guidance seeks to outline and clarify federal leadership so that AV innovations are not compromised, sent abroad, or otherwise delayed by a patchwork of conflicting or duplicative state rules. Unfortunately, the early indication is that this goal may not have been achieved. States are continuing to act or express interest in the regulation of automated vehicles.
- We believe that NHTSA struck the correct balance with respect to the proper federal and state roles that were outlined in the AV Policy Guidance. Simply put, the federal government (NHTSA) regulates the car, and the states regulate the driver via licensure, traffic enforcement and insurance.
- However, the Guidance remains far too ambiguous overall; in particular, there is a lack of clarity on the expectations of the 15-point Safety Assessment letters that automakers and others are asked to voluntarily submit to NHTSA before proceeding with testing and deployment of AV technologies.
- A final area of concern is how NHTSA envisions expanded collection and sharing of data and best practices among competitors who are developing AV technologies. While learning from data is an understandable objective, at this point in time, complying with such obligations is not technologically feasible. Concerns around intellectual property, competitive business information, and antitrust must also be addressed.

Chairman Burgess and Ranking Member Schakowsky, thank you for inviting me back today to testify about enhanced automotive safety and in particular Automated Vehicles on behalf of 12 leading automakers¹ who are engaged in an effort to transform mobility.

For more than a century, innovation in automotive mobility has been our guidepost, producing technological advances leading to safer, cleaner, more energy-efficient cars and light trucks.

Now, looking down the road, personal transportation is poised to undergo revolutionary change, as dramatic as the introduction of the first cars on our roads. Those first vehicles changed society by connecting people to markets, to health care, and to schools.

Before us lies the potential to dramatically reshape the driving experience and redesign the whole concept of personal mobility.

The vision for the future of cars and mobility is transformative. What once seemed fanciful is now closer and closer to reality. Soon, it is expected that cars will be “talking” to one another and the infrastructure around them, and highly automated vehicles will provide improved travel for the young, aged and disabled and more efficient transport of goods to market. These new technologies have the potential to improve our quality of life and our economy in numerous ways by enhancing safety and reducing both congestion and environmental impacts.

¹ Alliance members include BMW Group, FCA US LLC, Ford Motor Company, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America and Volvo Cars. Alliance members account for roughly three quarters of all vehicles sold in the U.S. each year.

As the most recent NHTSA data shows, these technological developments are needed sooner rather than later. According to NHTSA, in 2015 there was a seven percent increase in fatalities on the roadways.² Unfortunately, NHTSA's projections for the first six months of 2016 look worse than 2015, with a 10.4 percent increase in traffic fatalities just from January to June of this year.³ If these numbers hold, we are looking at the first back-to-back years of traffic fatality increases in 15 years.

Therefore, the advanced driver assist and automated technologies being developed by the auto industry are critical. Rising to the challenge in a changing market, our companies continue to evolve and advance not only safety but also personal transportation options to a wider swath of your constituents. Our members are rapidly becoming mobility companies as much as they are traditional car companies.

Three converging trends are driving this dynamic change and will continue to do so.

- The first is the rapid emergence of crash avoidance and driver assistance technologies that serve as the building blocks for automation and will ultimately culminate in full driving automation. Examples include automatic emergency braking, lane keeping assistance and blind spot detection technologies that are found on a growing number of automobiles on the road today.
- The second is the evolution of ride-hailing and car-sharing, starting with Uber, Lyft, Car2Go and others but swiftly moving to a wide range of other providers and models.
- The third trend is slower but important; the evolution in power trains that today is being driven more by aspirational policy requirements than actual consumer demand. In a world with low gas prices, the

² NHTSA Traffic Safety Facts, DOT HS 812 318, August 2016, <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/812318>

³ NHTSA Traffic Safety Facts, DOT HS 812 332, October 2016, <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/812332>

economic benefits of electrification are not profound enough to make up for current range and utility limitations.

On balance, these three trends are creating a wave of change in mobility for the better, and that will extend long into the future.

In fact, it's arguable that the faster we can safely and affordably get to the future, the better. But while the journey has begun, we should all understand that the transition to full driving automation will take a couple of generations. There are roughly 263 million automobiles registered in the United States with an average age of 11.5 years, Moody's predicts that automated vehicles will be a majority of the fleet by 2045 and ubiquitous by 2055.⁴

However long this transition takes, the benefits are profound and already materializing. For instance, it is well-established that nearly all roadway fatalities are not related to the proper functioning of the vehicle. Because of the innovations that automakers are introducing, technologies are increasingly able to help address the 99 percent of roadway fatalities that are mostly a product of human behavioral issues – such as speeding, alcohol impairment, failure to use a seat belt, and distraction – as well as environmental factors and infrastructure limitations.

And if you aren't swayed by the life-saving potential of these technologies, consider the additional compelling benefits:

First, these technologies may help reduce carbon emissions, both by mitigating congestion and by facilitating the more efficient use of the automobile.

Second, access for the young, the old, the disabled and potentially the economically disadvantaged will be significantly enhanced.

⁴ <http://www.reuters.com/article/us-moody-s-autos-selfdriving-idUSKCN0WV22O>

Third, individuals, families and businesses will benefit from time savings – and meaningful productivity gains, thus helping society and the economy.

Fourth, the combination of driving down per-mile costs and driving up car utilization rates via ride sharing has the potential to dramatically re-shape public policy choices about mass transit and urban planning.

The future of mobility is indeed bright, and working together industry and government can promote sound public policies that support automation, connectivity and the replacement of older vehicles that aren't as efficient or equipped with advanced safety and driver assistance features. Getting to “ubiquity” will require many pieces of a large puzzle to fit together, including: technological advancements, consumer acceptance, achieving critical mass to enable the “network effect,” and establishment of the necessary legal and regulatory framework.

Together, we can get there from here.

Most analysts and stakeholders embrace the idea that automated vehicle technology has tremendous value for safety and that accelerated deployment is highly desirable.

But, we also know that the traditional regulatory mechanisms cannot handle or keep up with the pace of innovation that is occurring in our industry today.

Secretary Foxx and Administrator Rosekind put their finger on this very problem and deserve credit for advancing the Federal AV Policy Guidance that aims to facilitate the delicate policy mix of oversight and regulatory flexibility.

We are examining the NHTSA AV Policy Guidance that was released on September 20th and will formally respond by the November 22nd comment deadline. Our overall impression is that the AV Guidance is a good first step. Our formal comments to the agency will include suggestions for improvement and requests

for clarity. I would like to highlight some of those suggestions, which we feel are necessary to ensure that automakers are able to proceed with AV development, testing and deployment without undue delay.

One of the key objectives behind NHTSA's AV Policy Guidance and the Enforcement Guidance Bulletin was to reiterate to the public and the states that NHTSA possesses broad authority when it comes to motor vehicle safety. The AV Policy Guidance seeks to outline and clarify federal leadership so that AV innovations are not compromised, sent abroad, or otherwise delayed by a patchwork of conflicting or duplicative state rules. Unfortunately, the early indication is that this goal may not have been achieved. States are continuing to act or express interest in the regulation of automated vehicles. Some have suggested that a limited "time-out" at the state level may be warranted in order to allow the Federal AV Policy Guidance to continue and be refined through periodic review. That of course would require Congress to step in and augment NHTSA's AV Policy Guidance to ensure a consistent, nationwide approach that allows AVs to be tested and deployed without unnecessary restrictions or delay at the state level.

We believe that NHTSA struck the correct balance with respect to the proper federal and state roles that were outlined in the AV Policy Guidance. Simply put, the federal government (NHTSA) regulates the car, and the states regulate the driver via licensure, traffic enforcement and insurance. The distinction is not as clear with these new technologies: with automated driving, when automated systems are engaged, the car may be considered the driver. And that creates friction between traditional federal and state responsibilities.

Another key objective of the AV Policy Guidance was to reduce – at the federal level - regulatory rigidity and ambiguity. Some of the rigidity has been addressed through the agency's pledge to provide more timely responses to requests for interpretations and exemptions. However, the Guidance remains far too ambiguous overall; in particular, there is a lack of clarity on the expectations of the 15-point Safety Assessment letters that automakers and others are asked to voluntarily submit to NHTSA before proceeding with testing and deployment of AV technologies – including testing currently underway.

Earlier today, we heard Administrator Rosekind reiterate his pledge to continue to seek input from stakeholders and revise the AV Policy Guidance based on that feedback. We appreciate that commitment and look forward to the agency's revisions to memorialize in writing the clarifications on intent that NHTSA officials have publicly stated.

A final area of concern is how NHTSA envisions expanded collection and sharing of data and best practices among competitors who are developing AV technologies. While learning from data is an understandable objective, at this point in time, complying with such obligations is not technologically feasible. Concerns around intellectual property, competitive business information, and antitrust must also be addressed. We note that the corresponding collection burdens that our members would be required to comply with under the Paperwork Reduction Act remain unclear and will require additional specificity by NHTSA. The Alliance plans to more fully articulate these questions and concerns as part of our formal comments that will be submitted next week as part of the comment process.

In conclusion, we appreciate NHTSA and this Committee's commitment to tackle the fundamental question about how best to structure policies that maximize the smart introduction of these life-saving, carbon-reducing, economy-enhancing technologies. There is a consensus among most stakeholders that NHTSA's AV Guidance, while a positive first step, must further evolve to achieve its goals.

Without question, the stakes are high and the opportunity before us is enormous. Government must pave the way for deployment of these technologies and must not, even if well intentioned, become an obstacle to realizing a brighter and safer mobility future.

Thank you for the opportunity to be here today. I am happy to answer any questions.