

## **Jeff Farrah QFR Responses – Innovation, Data, and Commerce Subcommittee Hearing**

**Chair Bilirakis:** I understand prior to your role with AVIA you worked at the National Venture Capital Association. I assume this expertise had a lot to do with you being asked to lead this organization.

Can you offer a broad perspective on how venture capital moves when there is an attractive market with clear regulatory frameworks? Can you provide some examples to where you have seen the US lose market leadership?

**Response:** Innovative companies need capital to grow and develop new products and services. In many cases, investors focused on forward leaning companies will cease to invest in a sector due to uncertainty over government policy. For example, venture capital investment into medical device companies has been significantly reduced in recent years due to uncertainty over reimbursement rules for these companies. As a result, the United States no longer has the necessary pipeline of inventive medical device companies. This lesson illustrates why the U.S. government establishing a federal policy framework for autonomous vehicles is critical. By clarifying rules of the road and demonstrating strong support for AVs, policymakers can encourage capital investment in this space that is essential to a thriving American AV ecosystem. Only then will the United States be able to maintain its global leadership role with respect to autonomous vehicles.

**Rep. Buschon:** To date, AV testing and deployment in the US has largely been confined to urban and suburban areas. But much of our country, including the district I represent, is rural. I think these communities would immensely benefit from AV deployment in their areas, as rural roads have some of the worst crash incidence rates in the nation. What are some things Congress can do to encourage testing and deployment of non-trucking and passenger AV s in rural areas?

**Response:** I share your concern with the alarming trend of crash fatality rates on rural roads. AVs are positioned to combat the crisis of roadway injuries and fatalities by eliminating the unsafe driving that is the cause of most of these incidents. As I stated at the hearing, AVs do not speed, they do not drive drunk, and they do not get distracted. The continued deployment of AVs will benefit rural communities by making roads safer and bringing more transportation options, like shuttle services, to these communities. However, regulatory uncertainty for AV developers is a significant hurdle for moving beyond deployment in high population density areas. A federal framework for AV deployment could help expand the geographical reach of the benefits of AV technology by spurring additional investment and allowing companies to plan long term. Although autonomous passenger vehicles are not currently deployed at scale in rural areas, autonomous trucks are currently running freight in a variety of locations in rural America. Autonomous trucks will help farmers, ranchers, and manufacturers get their products to market in an effective and efficient manner. Autonomous trucking can will have tremendous benefits for rural communities, such as reducing food spoilage by running more efficient routes without hours limitations.

**Rep. Dunn:**

1. A July 2019 Inspector General's report found that the Department of Defense continues to buy tens of millions of dollars in Commercial off the Shelf (COTS) technologies with known cybersecurity risks such as Lenovo computers, Lexmark printers, and GoPro cameras. What is the U.S. government doing to close loopholes that Lenovo and other IT firms in which the Chinese government has an ownership stake can exploit to sell its equipment to the U.S. military and other federal government departments and agencies?

**Response:** I share your concern with U.S. government cybersecurity vulnerabilities. However, this is not an area where I have expertise and therefore am unable to provide answers to these questions. I would be happy to schedule a follow up discussion to address any concerns that you may have.

2. Although the State Department, Department of Defense, and several intelligence agencies have banned the purchase of computers and printers from companies in which the Chinese government has an ownership stake, these procurement guidelines are not standard. What steps in the Administration taking to close these widespread critical cybersecurity vulnerabilities across the federal government?

**Response:** I share your concern with U.S. government cybersecurity vulnerabilities. However, this is not an area where I have expertise and therefore am unable to provide answers to these questions. I would be happy to schedule a follow up discussion to address any concerns that you may have.

3. The computing division of the Chinese Academy of Sciences (CAS) was added to the U.S. government's Entity List in December 2022. Why does the U.S. government continue to allow federal departments and agencies to purchase computers from other firms that CAS owns? Why should a known security threat like Lenovo, in which CAS has a significant ownership stake that it tries to hide through subsidiary entities, be allowed to sell equipment to the U.S. federal government?

**Response:** I share your concern with U.S. government cybersecurity vulnerabilities. However, this is not an area where I have expertise and therefore am unable to provide answers to these questions. I would be happy to schedule a follow up discussion to address any concerns that you may have.

**Question 4:** Which allies and partners should the US be working with to help diversify supply chains away from China?

**Response:** It is imperative that policymakers create a federal policy framework to support the development of autonomous vehicles. This includes passing federal legislation that addresses matters like vehicle exemption caps and directs the National Highway Traffic Safety Administration (NHTSA) to complete rulemakings that encourage deployment of AVs. At the

same time, the United States should work with its strategic allies to ensure market access for U.S. AV developers. These critical measures will help solidify American leadership on autonomous vehicles in the future.

**Rep. Fulcher:** China is also trying to be the leader in key technologies and other industries per its Made in China 2025 by setting industry standards. If they take our technology and develop it, then they can use their government power to spend their way into foreign markets, setting the standards for a particular industry. I am thinking about Autonomous Vehicle (AV) technology.

This would give it not only preference in foreign ventures, but force U.S. companies to meet potentially a dual set of standards, making it more costly for them to compete and potentially turning over sensitive information in the process.

What can Congress do to strengthen rules when it comes to U.S. and foreign companies participating in certain standards-setting bodies? What tools can we use, what sharpening of our authorities can we employ to strengthen the U.S. role in countering China's efforts to drive these standards?

**Response:** I share your concern about the risks posed by China setting industry standards in the AV sector, and the risks posed to U.S. based companies if China were to lead on standard setting. Standard setting organizations provide an important channel for industry-government collaboration by ensuring companies are operating from consensus terminology and practices. A comprehensive federal framework for autonomous vehicle deployment would put the U.S. in a leadership position globally and could empower U.S. companies to work with standards setting bodies to develop leading industry standards. The AV industry has a track record of working with standard setting organizations such as the Society of Automotive Engineers (“SAE”) and the Commercial Vehicle Safety Alliance (“CVSA”). Many of our member companies sit on SAE committees tasked with developing automation industry standards. AVIA also has worked extensively with CVSA to develop inspection standards for commercial vehicles equipped with automated driving systems.