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ONE HUNDRED SEVENTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

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Minority (202) 225-3641

September 9, 2021

The Honorable Pete Buttigieg
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, D.C. 20590

Secretary Buttigieg:

The Committee on Energy and Commerce has a long bipartisan history in ensuring that the United States remains the leader and premier destination to innovate and deploy emerging technologies like artificial intelligence (AI). The single greatest safety application of AI we will see for our citizens and our economic security is in the automotive sector, and specifically its application in autonomous vehicles (AV). We are very concerned by recent reports of U.S. officials approving licensing applications for Huawei Technologies Company (Huawei), China's blacklisted telecommunications company, to purchase semiconductors for its next generation vehicles.¹

The previous administration sought to minimize Huawei's ability to obtain U.S. semiconductors when the Department of Commerce (DOC) added the company and many of its non-U.S. affiliates to its Entity List and issued a final rule restricting Huawei from acquiring foreign-produced semiconductors that are the direct product of certain U.S. software and technology.² Furthermore, the Federal Communications Commission (FCC) designated Huawei as a national security threat due to its strong ties to the Chinese Communist Party (CCP), which uses the country's laws to assist in espionage activities and exploit known cybersecurity risks

¹ <https://www.reuters.com/business/autos-transportation/exclusive-us-approves-licenses-huawei-buy-auto-chips-sources-2021-08-25/>

² <https://sanctionsnews.bakermckenzie.com/us-commerce-department-expands-huawei-and-entity-list-related-rules-further-restricting-huaweis-access-to-semiconductors-produced-from-us-technology-and-software/>

and vulnerabilities in equipment.³ These policies have long been bipartisan initiatives, and we should not retreat from them, especially when our standing on the world stage is being challenged.

During your confirmation hearing, you spoke of advancing the next generation automotive sector. As the Secretary of the Department of Transportation (DOT), you have the opportunity to help the American automotive workforce keep their jobs in the decades ahead and avoid what happened to the communications equipment sector. AVs are also essential for the future mobility of our seniors and those with disabilities as a new source of freedom. We must not surrender to China and its efforts to dominate our high-tech sectors, including AVs. It is concerning that, unlike other cabinet secretaries, neither you nor the National Highway Traffic Safety Administration (NHTSA) were consulted as part of the process to review these transfers to Huawei.

While the export laws are clear about the confidentiality of what is approved, it is important that what is considered a mature component for cameras and sensors, for example, may not consider that “the whole is indeed greater than the sum of its parts.” The news of the approval last week unfortunately reflects how Democrats in Congress continue to ignore this next generation technology, walking away from landmark, bipartisan AV legislation that unanimously passed the House just a few years ago. They have ignored seniors and those with disabilities who need this technology as a new means of mobility. They have surrendered both to the Teamsters, who are making unrelated demands concerning commercial vehicles, and trial lawyers, who hope to profit from frivolous litigation.

As you know, news of the approvals also arrives with the backdrop of a semiconductor shortage for many U.S. sectors, from automotive to health to energy. As the world continues to rebound from COVID-19 and related supply chain shortages, we must do everything we can to protect and secure our domestic sector needs. We believe that was the intent of the Senate when it passed the U.S. Innovation and Competition Act (USICA), which would establish grant programs to incentivize the supply chain of semiconductors and microelectronics here at home.

Therefore, we ask that you respond to the following no later than September 23, 2021:

1. Are you aware of Huawei’s intentions to purchase semiconductors and further its automotive ambitions?
2. Should Huawei have the ability to purchase semiconductors for next generation vehicles? If yes, please explain.
3. Has DOT reviewed the security of U.S. interests in the global semiconductor supply chain and whether U.S. companies are able to accommodate their domestic interests? Please explain how the approval of semiconductor technology transfers, whether mature or leading-edge technology, will or will not benefit the U.S.

³ <https://docs.fcc.gov/public/attachments/DOC-365255A1.pdf>

4. According to a Reuters report, automotive chips are not generally considered sophisticated when compared to chips in other sectors. The report also refers to comments made by a Huawei spokesperson who said “[They] are positioning [themselves] as a new component provider for intelligent connected vehicles. . . .” Do you believe Huawei intends to do with the automotive sector what it did to the communications equipment sector?
5. How will the purchase of non-Chinese automotive semiconductor technology impact the economic pressure facing Huawei, both for the company in general and its 5G telecommunications division specifically? Are you concerned that such transactions ease the pressure on China’s supply chain for the automotive sector so it may further prioritize its state-sponsored goal in winning the race to 5G?
6. Are you concerned that Huawei will look for a foothold in developing components for future vehicles in order to gather information on Americans and our transportation infrastructure?
7. Will any component designed for an intelligent automobile licensed or manufactured by Huawei be prohibited from being used in automobiles destined for the U.S.?
8. Will you consult and coordinate with the other cabinet secretaries and share any concerns that efforts to support Huawei will ultimately benefit the CCP at the expense of U.S. jobs and the economy, including entrenching China’s state-sponsored supply chains?
9. Will you commit that neither you nor NHTSA will approve such technology transfers in the future?
10. Please provide your estimates on how many American manufacturing jobs will be lost if the U.S. does not lead in enacting a national framework for AVs.
11. Please provide your estimates on how much revenue will be lost and not contributed to the U.S. economy if the U.S. does not lead in enacting a national framework for AVs.
12. Will you commit to supporting the inclusion of bipartisan AV legislation in USICA before it comes the House floor for consideration?

In President Biden’s April speech announcing the withdrawal from Afghanistan, he emphasized the need for the U.S. to focus on China, saying “We have to shore up American competitiveness to meet the stiff competition we’re facing from an increasingly assertive China.”⁴ Bloomberg reported in May that the U.S. lead in automotive semiconductors is slipping, and China has a much more favorable regulatory environment.⁵ AV development and deployment is a clear case of American competitiveness being compromised. We hope you and the

⁴ <https://www.wsj.com/articles/afghanistan-u-s-withdrawal-china-russia-power-relations-11630421715>

⁵ <https://www.bloomberg.com/news/newsletters/2021-05-04/hyperdrive-daily-china-ramps-up-its-autonomous-vehicle-development>

Administration will work with Republicans to enact AV legislation, which will support the U.S. automotive sector.

If you or your team have any questions about our request, please contact Tim Kurth at the Committee on Energy and Commerce at (202) 225-3641. We appreciate your prompt attention to this matter.

Sincerely,



Cathy McMorris Rodgers
Republican Leader



Gus M. Bilirakis
Republican Leader
Subcommittee on Consumer Protection
and Commerce



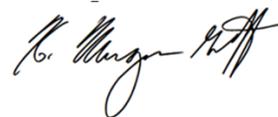
Robert E. Latta
Member of Congress



Michael C. Burgess, M.D.
Member of Congress



Adam Kinzinger
Member of Congress



H. Morgan Griffith
Member of Congress



Larry Bucshon, M.D.
Member of Congress



Earl L. "Buddy" Carter
Member of Congress



Neal P. Dunn, M.D.
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Debbie Lesko
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John Joyce, M.D.
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Kelly Armstrong
Member of Congress