



June 3, 2020

The Honorable Roger Wicker  
Chairman  
Committee on Commerce, Science and  
Transportation  
United States Senate

The Honorable Greg Walden  
Ranking Member  
Committee on Energy and Commerce  
United States House of Representatives

Dear Chairman Wicker and Ranking Member Walden,

On behalf of the Alliance for Automotive Innovation (Auto Innovators), I appreciate the opportunity to respond to your May 12, 2020, letter regarding the automotive industry's response to the COVID-19 public health crisis. It has been a privilege and honor to witness Auto Innovators members and their employees – along with partners throughout the automotive ecosystem – step forward in this time of national need. Our industry employs roughly 10 million Americans, in addition to those who are employed in the technology and mobility sectors directly. Their actions in support of the frontline workers, healthcare employees and first responders highlight the innovative and can-do spirit of the U.S. automotive industry.

Prior to the COVID-19 pandemic and corresponding public health emergency, the auto industry was focused on the future. Automakers, suppliers, technology companies and others in the automotive ecosystem were investing in and deploying transformative innovations with the potential to revolutionize personal mobility – electrification, automation, connectivity, artificial intelligence, and other foundational technologies. With respect to vehicle electrification alone, the auto industry is expected to invest more than \$250 billion globally by 2023.<sup>1</sup> Fortunately, because of the investment and hard work of our members and their employees, the U.S. has enjoyed a leadership position regarding a number of cutting-edge technological innovations.

However, in a matter of weeks, the COVID-19 public health crisis created unprecedented challenges for the auto industry. Between March and April, the escalating public health crisis brought all major U.S. motor vehicle production to a complete halt. This marked the first time since World War II that all U.S. and North American production was shut down. Retail sales in April dropped nearly 50 percent compared to 2019 sales. The unexpected and simultaneous shock to supply and demand has been profound to the entire automotive ecosystem.

Over the past two months, Auto Innovators members and their employees have demonstrated ingenuity, compassion, and commitment through their contributions to the national response to this public health crisis. In a matter of weeks, motor vehicle manufacturers and suppliers retooled manufacturing facilities to make ventilators, Personal Protective Equipment (PPE) and other supplies desperately needed by those on the front lines of the battle against COVID-19. They have donated - and even modified - vehicles to provide safer transportation options for health care workers and community members. Technology and mobility companies offered automated driving systems to deliver food and supplies to communities in need. Even the seemingly simple gestures required resources, commitment, and creativity.

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<sup>1</sup> [https://iwk-cp.com/wp-content/uploads/2018/07/Automotive-Global-Outlook-2018-European-version\\_IWK\\_FINAL.pdf](https://iwk-cp.com/wp-content/uploads/2018/07/Automotive-Global-Outlook-2018-European-version_IWK_FINAL.pdf)

The diversity and breadth of Auto Innovators' contribution to the nation's response to the COVID-19 public health crisis can be found in the attached summary of various actions taken by Auto Innovators members. While this list is not comprehensive, it reflects the scale of commitment of our members. Every part of the automotive industry stepped up and contributed to the nation's response.

The actions of Auto Innovators members reflect the spirit of innovation that pervades the auto industry in the U.S. The realities of this public health crisis, however, cannot be ignored. The auto industry looks very different today than it did just two months ago. North American production is beginning to restart, but this will take time as employees adapt to new health and safety requirements and supply chains regain stability. Vehicle sales have rebounded in recent weeks but remain well below expectations. Most industry forecasts predict a loss of between two million and four million vehicle sales compared to the expected 16.8 million units that were projected at the start of the year. Based on current projections, the U.S. auto sector is not projected to regain the production and sales volumes from 2019 until 2023.

The economic reality of the combined hit to auto production and sales is, in some respects, simple. Although restart efforts are underway, there remains a high degree of uncertainty when it comes to supply chain challenges, consumer confidence and overall economic signals. As automakers, suppliers and others absorb losses related to COVID-19, the industry will have less capital at its disposal to invest in developing the technologies of the future. In this highly competitive, capital-intensive industry, market certainty will become even more critical for maintaining U.S. leadership in automotive innovation in advanced safety technologies, as well as vehicle efficiency and electrification.

As noted in your letter, certain nations have made clear their intention to capitalize on the economic consequences of the public health crisis to establish a dominant role in the auto sector. In the area of automation, specifically, China is openly leveraging this public health crisis to gain prominence in the global race to dominate development of this crucial life-saving technology.<sup>2</sup> As we have witnessed in other sectors, if nation-state-sponsored companies define the future of innovative technologies, the implications for the nation's economic and national security will be profound.<sup>3</sup>

At this time, the auto industry is focused on the health and safety of our employees, stabilizing supply chains and gradually resuming production. These must remain our top priorities as we continue to navigate uncertain market dynamics and challenges from the ongoing public health crisis. As the industry recovers, however, policymakers and the industry must not lose sight of the future.

To provide the market certainty necessary to transform personal mobility in the U.S. and overcome the impacts of the COVID public health emergency, policymakers should consider the following actions:

- Enacting a federal framework that provides for full-scale testing and deployment of highly automated vehicles on U.S. roadways.

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<sup>2</sup> <https://www.ft.com/content/cdc6f5f4-3eae-44d9-8c59-808bbcfcca02>

<sup>3</sup> <https://asia.nikkei.com/Spotlight/Huawei-crackdown/Huawei-steps-up-ambitions-in-self-driving-vehicles-race>

- Preserving the entire 5.9 GHz spectrum for next-generation automotive safety technologies which are in jeopardy due to the pending Federal Communication Commission NPRM that would reallocate a significant portion of the 5.9 GHz band for unlicensed Wi-Fi use.
- Enacting a national data privacy framework that provides consistent protections to consumers across the nation, recognizing that the auto industry has been a leader in balancing data privacy needs.
- Fostering the U.S.-based development and deployment of artificial intelligence that supports vehicle automation and other vehicle-based services.
- Ensuring that export control restrictions do not create unfair and unnecessary limitations on the ability of companies to export automotive technologies developed in the U.S. to markets around the world.
- Promoting U.S. innovation and development of electric vehicle batteries and their raw materials with policies that encourage domestic EV battery production and recycling<sup>4</sup>.
- Enacting policies at the federal level that support, and grow, a sustainable market for electric vehicles including the buildout of the necessary charging and hydrogen refueling infrastructure.
- Encouraging a holistic approach to decarbonizing the transportation sector by supporting the development, and market adoption, of low-carbon fuels in coordination with the next generation of highly efficient vehicle technologies.
- Encouraging and supporting greater presence and engagement by NHTSA and other federal agencies in relevant international regulatory proceedings and processes, especially related to electrification and automation.

We find ourselves on the cusp of a transformative moment in the future of the U.S. automotive industry. It will require creativity and commitment -including from members on the Senate Committee on Commerce, Science, and Transportation and House Committee on Energy and Commerce - for the U.S. to retain our nation's important leadership role when it comes to

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<sup>4</sup> U.S. reserves for lithium and cobalt is less than 1% and 4%, respectively, of the global reserves and most of the lithium-ion battery production takes place in China, with U.S. companies only manufacturing about three percent of global production( See e.g. <https://www.usgs.gov/centers/nmic/cobalt-statistics-and-information> ,<https://www.usgs.gov/centers/nmic/lithium-statistics-and-information> , Testimony of James Greenberger, Executive Director of NAATBatt International, at Senate EPW Hearing, "Electric Battery Production and Waste: Opportunities and Challenges." July 17, 2019.)

automotive innovation. Our association stands ready to work with you and all members of the Committee to help realize this opportunity, both in support of the near-term recovery, as well as the long-term prosperity of the nation and our manufacturing sector.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bozzella". The signature is fluid and cursive, with the first name "John" written in a larger, more prominent script than the last name "Bozzella".

John Bozzella  
President & CEO

Enclosure

