



Taking the Wheel: Industry's Opportunity to Lead Autonomous Vehicle Innovation

IN SHORT

The Situation: While legislation regulating self-driving cars has stalled in the U.S. Senate, the Department of Transportation ("DOT") continues to promote development and deployment of autonomous vehicles for testing.

The Issue: With DOT's encouragement, industry has the opportunity to develop standards for autonomous technology.

Planning for the Future: Manufacturers and suppliers can leverage their regulatory freedom by establishing voluntary industry standards and addressing vehicle safety, cybersecurity, data privacy, and other consumer concerns now. The question is whether industry will perceive the benefits of coordination to outweigh the competitive race.

While Congress is Gridlocked, DOT Advances

Federal legislation to regulate driverless cars has stalled in the U.S. Senate. While the [SELF DRIVE Act](#) unanimously passed the House, [several senators have blocked](#) its Senate companion, the [AV START Act](#). Those senators want more on vehicle safety and cybersecurity and object to mandatory arbitration. Those issues, along with user data privacy and public education, will remain at the forefront for manufacturers to address.

While Congress debates, DOT encourages rapid deployment of autonomous vehicles for on-the-road testing. [Automated Driving Systems 2.0 \(2017\)](#) encourages industry safety standards, self-certification, and voluntary reporting for self-driving cars. [Automated Vehicles 3.0 \(2018\)](#) expands that policy to all autonomous transportation, including shipping, freight, and rail. DOT's message is clear: Let industry lead the way and set the standards. DOT will remove regulatory impediments, such as requirements for steering wheels and pedals for drivers, in the Federal Motor Vehicle Safety Standards. The National Highway Traffic Safety Administration ("NHTSA") will seek public comment on proposed changes to the Federal Motor Vehicle Safety Standards ("FMVSS") "to accommodate automated vehicle technologies" without drivers.

Autonomous technology manufacturers should champion the regulatory freedom by developing voluntary standards to address safety, testing, cybersecurity, privacy, and confidential data-sharing with competitors.



An Opportunity for Industry to Take the Wheel

Industry has the opportunity to prove that it can safely regulate itself. [Automated Vehicles 3.0](#) recognizes that private industry is the "primary source" of transportation research and innovation. Autonomous technology manufacturers should champion the regulatory freedom by developing voluntary standards to address safety, testing, cybersecurity, privacy, and confidential data-sharing with competitors.

Industry needs to build public trust in autonomous vehicles. A recent [AAA survey](#) found 73 percent of respondents afraid to ride in self-driving cars. A key question will be whether the

public and regulators initially require driver engagement and ability to take control. Transparent standards, testing, and demonstrations showcasing safety and protecting privacy will engender public confidence. Industry also should set rules for accountability in the event of accidents and malfunctions.

Standard-setting organizations are largely unknown to the public, and their discussions are highly technical. They labor under the constraints of companies that want to maintain competitive advantages and protect trade secrets. Like DOT, the organizations should not set standards that pick technology winners. DOT envisions generally applicable testing, performance, and interoperability criteria rather than specific design criteria. Whether standard-setting organizations can fulfill the role envisioned in *Automated Vehicles 3.0*, without government oversight, is the challenge.

Challenges Beyond Industry's Control

Neither Congress nor DOT wants to displace state tort liability or insurance laws. Any federal preemption likely will be limited to a state rule that conflicts with FMVSS. Because states also will license drivers, register vehicles, and enforce the rules of the road, their rules will affect, but should not block, deployment.

Improved infrastructure compatible across state lines is imperative for automated vehicles to flourish. Even simple issues, such as poor road sign placement or faded traffic paint, can impact autonomous technology.

V2V (or vehicle-to-vehicle) and V2X (or vehicle-to-everything) communications also are essential next steps before wide-scale deployment. However, a debate rages over communications technology. In early 2017, NHTSA issued a Notice of Proposed Rulemaking for a proposed safety standard (FMVSS 150) that would require the phase-in of dedicated short-range communication ("DSRC") units in new passenger vehicles. However, a cellular option, C-V2X—moving to 5G standards—may be better. The issue for carmakers is whether to go with DSRC now or wait on 5G cellular. *Automated Vehicles 3.0* does not take a position.

In sum, producers and suppliers should seize the chance to shape the standards for autonomous vehicle technology. Future *Commentaries* will discuss challenges in greater depth.

THREE KEY TAKEAWAYS

1. Federal legislation regulating self-driving cars is stalled over questions of vehicle safety and cybersecurity.
2. DOT has invited industry to lead autonomous vehicle innovation and standard-setting. It encourages on-the-road testing.
3. Manufacturers and suppliers have the opportunity to champion self-regulation and earn public trust. Technology, not regulation, will pick the winners in the race toward automated vehicles.



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