

July 6, 2015

The Honorable Michael C. Burgess
Chairman, Subcommittee on Commerce,
Manufacturing, and Trade
2125 Rayburn House Office Building
Washington, D.C. 20515-6115

Dear Chairman Burgess:

Thank you for your June 22, 2015 letter and questions on issues related to the Commerce, Manufacturing and Trade Subcommittee hearing on the recall of Takata airbag inflators. I appreciated the invitation to appear as a witness during this June 2, 2015 hearing as well as the opportunity to respond to these additional questions for the record of that hearing from you and Ranking Member Schakowsky.

Should you have any further questions, please contact my staff directly. Paul Ryan, Senior Director of Government Affairs, can be reached by phone at (202) 650-5554 or by email at pryan@globalautomakers.org.

Thank you for your leadership on this and other issues before the Commerce, Manufacturing, and Trade Subcommittee. I and my staff are happy to assist you and your colleagues whenever you think we may be helpful.

Sincerely,



John Bozzella
President and Chief Executive Officer

cc: Jan Schakowsky, Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade

Attachment

Additional Questions for the Record

The Honorable Michael C. Burgess

- 1. What kind of inspection do automakers conduct on supplier parts incorporated into vehicles as original equipment?**

All of our members have rigorous quality control processes and mechanisms. Global Automakers is not in a position to discuss individual inspection practices of manufacturers and their suppliers.

- 2. When will your member companies stop allowing inflators of a similar chemical composition into their cars?**

To this date, no root cause has been determined with regard to the defective Takata airbags. The affected auto manufacturers have joined together to form the Independent Testing Coalition (ITC) to conduct an independent and comprehensive investigation of the technical issues associated with Takata airbag inflators. The affected manufacturers will use results from this effort along with other available data to make decisions about airbag system designs for their vehicles.

- 3. Takata has repeatedly emphasized that this long-term phenomenon of exposure to high absolute humidity was outside the scope of testing prescribed by the vehicle manufacturers. Are manufacturers now including this phenomenon as a specification in the validation process?**

Global Automakers does not have access to internal supply specifications and other manufacturer-specific proprietary information related to air bag components.

- 4. From the automakers perspective, how long will it take for all cars to be remedied? Are automakers recommending that consumers disable affected passenger side airbags until replacement parts are available?**

Our members are working diligently to make sure all recalled airbags are removed from vehicles as quickly as possible. They are working with alternative suppliers to Takata. They are taking actions well beyond their statutory requirements to contact consumers affected by the recall. Currently Global Automakers knows of no companies that are recommending air bag disablement.

5. **It's been several months and no root cause has been identified. At what point do vehicle manufacturers think they should stop using Takata airbags altogether and use parts from another supplier if a root cause is not (and potentially cannot) be identified?**

NHTSA, Takata, individual manufacturers and the Independent Testing Coalition (ITC) are all involved in analyses to determine a root cause. As such, the affected manufacturers will continue to review the data as it becomes available and make individual decisions based upon the facts.

6. **Is it normal practice for NHTSA to announce a recall to the public before notifying affected automakers?**

The majority of recalls are initiated voluntarily by manufacturers, and NHTSA often makes announcements that a manufacturer is initiating a recall. In the case of a NHTSA determined recall, there is a regulatory process that the agency follows that includes making an Initial Decision about the basis for a proposed recall, notifying the manufacturer about the Initial Decision to allow manufacturer input, and then, if appropriate, making a Final Determination.

The Honorable Jan Schakowsky

1. **For the current recall, testing conducted by NHTSA, Takata, and automakers has shown that it often takes 7-12 years for the inflator defects to manifest. Takata has stated numerous times that it has not yet determined the root cause of its airbag inflator ruptures. As a result, Takata is replacing some inflators with newer versions of the same, potentially defective, model.**

- a. **If some or all replacement inflators prove defective or it is unclear whether the replacements are safe, will your member companies commit to conducting another recall, regardless of Takata's actions?**

Our companies are committed to removing any airbag inflators, including replacements, if the replacements are determined to have a safety-related defect.

- b. **Have any of your member companies specifically requested replacement inflators manufactured by other suppliers? If so, which companies and for which make, model, and year?**

Several affected companies have made public announcements that they are using other suppliers in addition to or instead of Takata to replace recalled airbag inflators. Global Automakers is not in a position to discuss individual relationships between manufacturers and their suppliers.

- c. **Have any of your member companies chosen to use other suppliers' products to replace defective Takata inflators? If so, which companies, and for which make, model, and year?**

Several affected companies have made public announcements that they are using other suppliers in addition to or instead of Takata to replace recalled airbag inflators. Global Automakers is not in a position to discuss individual relationships between manufacturers and their suppliers.

- d. Have any of your member companies insisted that replacement inflators contain a propellant other than ammonium nitrate? If so, which companies and what chemical is being requested?**

Global Automakers does not have access to internal supply specifications and other manufacturer-specific proprietary information related to particular propellants.

- e. Are any of your member companies willing to provide a replacement inflator from a supplier other than Takata if a consumer requests it? If so, which companies?**

Our member companies are committed to ensuring the safety of consumers, and the top priority for the auto manufacturers is removing and replacing the recalled airbag inflators. Several companies have made public announcements that they are using other suppliers in addition to or instead of Takata to replace recalled airbags.

- f. Have any of your member companies received reports of malfunctioning replacement parts? If so, please list the company that received the reports and the make and model of the vehicles and types of inflators that were the subject of the reports.**

Global Automakers is not aware of any such reports or malfunctions. We believe the affected companies are reporting regularly to NHTSA and would be providing this information to the agency if they learned about any new reports regarding malfunctioning replacement airbags.

- g. Have any of your members issued “do not drive” warnings regarding any vehicles with defective Takata airbags? If not, why not?**

Global Automakers does not have specific knowledge of facts underlying the reasons companies do or do not issue “do not drive” warnings; each company’s decision is based on individual analysis of the specific situation and the best information available.

- h. Is it your position that rental car companies should be allowed to rent recalled cars to the public before the defect or noncompliance is remedied unless the manufacturer has issued a “do not drive” warning?**

The members of Global Automakers all recognize the importance of remedying defects - those in the hands of fleets and in the hands of individuals - as soon as possible.

- 2. The current Takata recall now involves nearly 34 million cars made by 11 automakers, making it the largest and most complex auto recall ever conducted. The sheer volume of vehicles, the complexity of handling a recall across 11 manufacturers, and the multiple rounds of regional recalls leading up to this point have led to substantial consumer confusion.**

- a. What specific steps are your member companies taking to address consumer confusion relating to the multiple rounds of Takata recalls?**

Member companies are taking extraordinary, unprecedented measures to communicate with their customers. They are distributing multiple rounds of recall notices. They are using multiple platforms such as special company websites, express mail, advertising, social media, or electronic communications. They are working in coordination with NHTSA to make sure all information released regarding the Takata recalls is accurate and consistent.

- b. Are your member companies reporting any difficulties in acquiring up-to-date or accurate information from Takata? Please explain.**

Global Automakers does not have access to manufacturer-specific information related to communications with Takata.

- c. What specific steps are your member companies taking to ensure auto dealers have up-to-date information and are able to answer consumers' questions?**

Our members are working closely with their dealer networks to ensure that dealers have the knowledge and capacity to service vehicles with open recalls. Most importantly, manufacturers provide dealers with the capability to review VIN-specific information that allows dealers to communicate with customers about recalls that may affect their vehicles.

- d. How do your member companies plan to reach consumers who have already replaced their airbags but may need to do so again?**

In addition to meeting or exceeding federal recall notification requirements, our members will continue to use the measures outlined above to reach all consumers and potential affected vehicle owners.

- e. At the hearing, Takata explained that there are new cars being sold today with the soon-to-be-discontinued PSDI inflators. Is it possible for a consumer to know at the time of purchase of new or used cars which type of inflator is in a car? The consumer would then be on the lookout for the recall notice. Will your member companies make that information available at the time of purchase?**

Global Automakers is not in a position to discuss individual practices of the affected companies.

- 3. Following the December hearing, a number of automakers agreed on the record that sharing identifying information about recalled parts with the automotive recycling industry would help increase safety. A number of automakers noted that information about recalled defective parts are available via subscription with service bulletins and other service information.**

- a. Are the subscription services that include service bulletins and other service information available free of charge or must a parts recycler pay a fee to subscribe or otherwise access that information?**

Manufacturer service/technical communications and repair procedures concerning recalls, including information about affected parts (when a recall involves a specific

part) are provided to NHTSA and placed on the agency's recall page for each individual recall. This information is readily available and free of charge. Manufacturers also provide access, with some charging a nominal fee, for additional service and repair information to owners and the aftermarket on their service websites.

b. If such information is not available free of charge, why not?

This information is already available to the public free of charge under the current system.

c. Do you support the establishment of a system to ensure that this information is made available to the public free of charge?

This information is already available to the public free of charge under the current system.

d. If a consumer goes to a junk yard to buy a part to fix his or her car, how will she know if that part is subject to recall if the junkyard owner does not have that information?

To ensure the safety of all drivers and passengers, salvaged airbags and airbag components should never be used as replacement parts, regardless of whether the parts have been subject to a recall or not. This is because there is no valid data demonstrating that salvaged airbags and components will or can be made to work properly in a subsequent collision. Numerous factors can compromise the ability of a salvaged airbag or salvaged airbag component extracted from a "total loss" or other vehicle to operate properly. The salvaged airbags, regardless of outward appearance, may have been subject to excessive water exposure, such as flood damage, or improperly extracted, handled or stored. It is also possible that the salvaged airbag or component may not be appropriate for the particular vehicle – for example the coupe and sedan versions of a certain model may appear the same, but have differences in the design of similar components. These differences in design can affect the operation of the airbag. In sum, proper performance cannot be assured when salvaged airbags and airbag components are re-installed in other vehicles. With the exception of actual deployment of the airbag module, there currently is no test to confirm that a salvaged airbag will deploy as intended to provide the occupant the necessary protection in a crash.

With regard to the sale of other recycled parts, it should be noted that the majority of vehicle parts do not contain specific part numbers stamped on them and may not have other specific identifying information. In addition, NHTSA's vehicle recall system is based on Vehicle Identification Numbers (VINs). Using a vehicle's VIN, it is possible to identify whether the vehicle is subject to any outstanding recalls by using either the lookup tool on NHTSA's Safercar.gov website, or consulting the manufacturer's website. This provides a means for a salvage yard owner to obtain information on whether or not the product is subject to recall, and they should provide that information to their customers.

4. A June 8, 2015, article in the Detroit News cited a joint letter sent by the Alliance of Automobile Manufacturers and Association of Global Automakers to NHTSA, asking

the agency to initiate “intensive public awareness campaign about the importance of recall participation by consumers.” Please submit that letter as well as any additional supporting information.

The letter is attached.

- 5. The massive scale of the Takata recall has left consumers confused—and manufacturers unsure as to whether Takata can produce replacement parts quickly and safely enough to satisfy demand. In addition, given NHTSA’s plan to prioritize repairs in certain parts of the country where the risk of injury or death from the defects is higher, some consumers likely will be unable to have inflators remedied right away.**

- a. Will your member companies make ‘loaner cars’ available to owners of recalled cars when there are not enough replacement kits available and will they be free of charge?**

Global Automakers is not in a position to discuss individual practices of the affected companies. It has been publicly reported that affected companies are making loaner cars available based on the needs of the vehicle owner.

- b. Will your member companies notify customers that the loaner car they are driving may be subject to a safety recall?**

Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loaner cars directly to customers; this is done through dealerships, which are independent businesses.

- c. Can you commit that your member automakers will not loan out cars subject to this recall without first having those loaner cars repaired to ensure that the loaner cars will be safe and not susceptible to the same inflator risks?**

Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loaner cars directly to customers; this is done through dealers. However, manufacturers request that dealers make necessary recall repairs prior to making them available to customers..

- d. Do you agree that auto dealers should not be able to loaner out cars that are under an existing safety recall without first remedying the defect or non-compliance?**

Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loaner cars directly to customers; this is done through dealers. However, manufacturers request that dealers make necessary recall repairs prior to making them available to customers.

- e. What steps do your member companies take to ensure that their dealers do not provide consumers with loaner cars that are subject to a safety recall?**

Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loan cars directly to customers; this is done through dealers. However, manufacturers request that dealers make necessary recall repairs prior to making them available to customers.

Do you agree that it is not the consumer's responsibility to ensure that a loaner vehicle is safe and not subject to a recall?

Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loaner cars directly to customers; this is done through dealers. We believe that manufacturers request dealers to make necessary recall repairs prior to making them available to customers.

f. Would you support legislation prohibiting auto dealers from providing loaner vehicles with an open safety recall until the defect or non-compliance is remedied?

We are happy to work with the committee to determine if such legislation is necessary and appropriate.



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May 29, 2015

The Honorable Mark Rosekind, Ph.D.
Administrator
National Highway Traffic Safety Administration
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

RE: Retooling Recalls
NHTSA Docket 2015-0038

Dear Administrator Rosekind:

The Alliance of Automobile Manufacturers, Inc.¹ ("Alliance") and the Association of Global Automakers, Inc.² ("Global Automakers") are pleased to have this opportunity to provide comments to the docket you have established to collect suggestions and information about how we can collectively improve the participation rates on safety-related recalls. Your call for public comments arises from the public workshop sponsored by NHTSA on April 28, 2015 that brought together auto makers, auto dealers, safety advocates, researchers and others to discuss how to improve recall participation rates.

At the outset, the Alliance and Global Automakers wish to commend you for convening this workshop and for bringing a spotlight onto the problem of recall participation rates, particularly for older model vehicles. As you know, the national average recall participation rate is about 75%, where it has been for the last several decades. However, the rate varies considerably with the age of the vehicle at the time of the recall. For relatively new vehicles, the participation rate averages 83%, while that rate falls almost in half to 44% for vehicles 5-10 years old. The participation rate drops again to 15% for vehicles older than 10 years.

The Alliance and Global Automakers support your call for suggestions for reasonable efforts to improve safety recall participation rates. Our members want all recalled vehicles to be remedied, and we welcome your call for a national discussion on how to achieve that goal. However, we believe that the discussion must include the many stakeholders who will need to

¹ The Alliance is a trade association whose members are: BMW Group, Fiat Chrysler LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America and Volvo Cars of North America.

² Global Automakers is a trade association whose members are: American Honda Motor Co., Aston Martin Lagonda of North America, Inc., Ferrari North America, Inc., Hyundai Motor America, Isuzu Motors America, Inc., Kia Motors America, Inc., Maserati North America, Inc., McLaren Automotive Ltd., Nissan North America, Inc., Subaru of America, Inc., Suzuki Motor of America, Inc., and Toyota Motor North America, Inc.

be part of the solution, including vehicle owners, authorized dealers, independent service providers, auto insurance companies, as well as our members, NHTSA and others.

To better understand and help improve the consumer participation rate in vehicle recalls, the Alliance has begun a nationwide, multi-dimensional research initiative designed to identify issues leading to non-participation and possible approaches to improve participation. Through a variety of research techniques, including both qualitative and quantitative tools, along with traditional and cutting-edge methodologies, researchers will explore the issue of motor vehicle recalls and consumer compliance to provide findings and recommendations by fall 2015.

At the recent recall participation rates workshop, numerous suggestions and strategies were discussed. Some of them warrant attention in these comments.

First, the Alliance and Global Automakers wish to comment on the concept that was raised during the workshop that "salvaged parts" might be a solution for recall part shortages. Vehicle manufacturers strongly disagree that salvaged parts are ever an appropriate solution for recall part shortages, but particularly when the part at issue is as complicated as an airbag. There is simply no way to know whether a salvaged part has been through trauma (such as a flood) that might have compromised its performance. Unless and until salvage part suppliers are held responsible for the performance of the parts they supply, we cannot agree that salvaged parts would ever be appropriate as a solution for recall part shortages.

Second, there was extensive discussion at the workshop about the concept that vehicle re-registrations should be linked to evidence of recall participation. The Alliance and Global Automakers see promise in this approach as one possible means for increasing recall participation rates. However, there are several factors that must be taken into account before implementing a system that makes registration contingent on recall participation. Most likely, any requirement linking vehicle registrations to participation in open recalls would require state legislation in each of the 50 states and other jurisdictions (such as the District of Columbia and Puerto Rico). One factor that requires consideration is the availability of remedy parts in those recalls that are phased over time or geography. Owners should not be denied re-registration for failing to participate in a recall for which they cannot yet obtain parts. Also to be considered are the implications for the state Departments of Motor Vehicles ("DMVs") such as the need for changes to their registration process and computer systems, as well as procedures for addressing customer service issues. As an interim step, while these factors are being considered by stakeholders, state DMVs should consider notifying vehicle owners of open recalls (based on information in NHTSA's VIN lookup database) when they contact owners about re-registration.

Third, there was discussion at the workshop of the possibility of encouraging independent repair shops or vehicle service providers (such as oil change service providers) to look up the recall completion status of vehicles that come through their facilities for service. NHTSA's VIN lookup tool would facilitate this, and we believe that consumers would find this to be a valuable added benefit. We also will reach out to other entities that interact with vehicle

owners (such as auto insurance companies) to explore ways that they might be able to work with available information to notify vehicle owners about open recalls when contacting them for other reasons.

Fourth, we are aware of the proposal by NADA and others to permit batch processing of VIN information against the information available on NHTSA's VIN lookup tool. The Alliance and Global Automakers have reached out to NADA to better understand this issue and to see if we could support a solution that addresses their concerns while continuing to ensure the data security and appropriate uses for bulk VIN data.

Fifth, there was discussion at the workshop of the possibility of ranking recalls by severity of the risk in order to encourage consumers to participate at least in those campaigns that involve more serious hazards. The Alliance and Global Automakers caution that any such ranking system may have the unintended effect of reducing participation in recalls that are ranked as presenting less serious safety consequences. For this reason, any such ranking system would need to be carefully considered before deciding whether to implement it.

Sixth, we believe that NHTSA could contribute to improved consumer recall awareness by notifying consumers who file VOQs with VIN information whether there are any open recalls on their vehicle. NHTSA could run the consumer's VIN against the VIN look-up tool to obtain this information and advise the consumer of the results. Because NHTSA does not provide auto manufacturers with the full VINs for VOQs that are filed with NHTSA in the absence of an open ODI investigation, this is not a service that the auto makers can offer at this time.

Seventh, we recognize that some remedies involving software updating could potentially be "pushed" to vehicles over the air via cellular data networks, avoiding the need for the consumer to visit a dealership for the work. However, this option raises other issues, including how to obtain and record the consent of the vehicle owner to accept the pushed remedy, particularly in the case of a second or third owner of the vehicle, and how to address privacy concerns. Certain other challenges to the use of over-the-air remedies were raised at the workshop, including cyber-security concerns. These issues will require further work before this technological solution can be implemented more broadly.

Another issue for consideration is whether NHTSA's rule requiring notice to owners within 60 days of notifying NHTSA of the presence of a safety-related defect even when remedy parts are not yet available may, in fact, be deterring consumers from participating in the recall when the parts later become available. We recognize that the rule was motivated by a concern that consumers should be informed within a reasonable period of time after a safety-related defect has been determined to exist in their vehicles, so that they can be apprised of a condition associated with their vehicle while awaiting the remedy. However, an unintended consequence of this rule may have been to overload consumers with recall information such that they do not pay attention when the notice of remedy availability

May 29, 2015

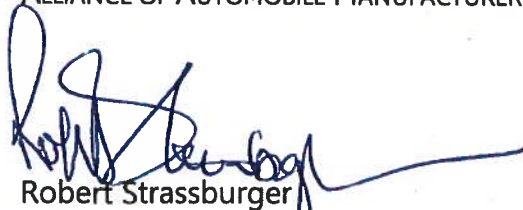
arrives. Or, consumers may become complacent if they drive their vehicles for a period of time after receiving the 60-day notice, and they do not experience the harm. This is an issue that warrants additional consideration.

Finally, the Alliance and Global Automakers recommend that NHTSA develop an intensive public awareness campaign about the importance of recall participation by consumers. A campaign that is modeled on "Click It or Ticket," or "Over the Limit – Under Arrest" could raise public awareness of the importance of participating in safety recall campaigns. The NHTSA campaign should include promotion of the VIN-lookup tool and other NHTSA initiatives to promote recall awareness. Our members pledge to build on a NHTSA-sponsored public awareness campaign to leverage the branding and expand public exposure to the message through new and traditional media.

The Alliance and Global Automakers appreciates this opportunity to contribute to this important dialogue about improving recall participation rates, and we look forward to working with you and your staff to implement those changes that hold promise for improving recall participation in the future.


Sincerely,

ALLIANCE OF AUTOMOBILE MANUFACTURERS, INC.



Robert Strassburger
Vice President
Vehicle Safety & Harmonization

ASSOCIATION OF GLOBAL AUTOMAKERS, INC.



Michael X. Cammisa
Senior Director
Safety