



11/20/2015

**Questions for the Record**  
**Mr. Mitch Bainwol on behalf of the Alliance of Automobile Manufacturers**  
**October 21, 2015 Subcommittee on Commerce, Manufacturing, and Trade Hearing entitled**  
**“Examining Ways to Improve Vehicle and Roadway Safety”**

**The Honorable Michael C. Burgess, M.D.**

- 1. You testified that the Auto Alliance would consult with NHTSA and NIST in the development of cybersecurity best practices within the Auto-ISAC. Are there plans to consult with any other federal agencies or standard-setting bodies, such as the International Organization for Standardization or SAE International in the development of the cybersecurity best practices?**

The development of cyber resiliency best practices is underway. Members of both the Auto Alliance and Global Automakers are working to develop industry-wide guidance that addresses current and future cybersecurity challenges. During this process and as the product evolves, members plan to look to experts across all fields.

The Alliance recognizes that the NIST Cybersecurity Framework is a highly regarded approach to cybersecurity and anticipates looking to the NIST Framework to inform our efforts.

- A. How long do expect it to take for the Auto-ISAC to develop cybersecurity best practices once the Auto-ISAC is fully operational?**

The auto industry is working diligently towards the development of cyber resiliency best practices. Over the coming months, we anticipate reaching our initial benchmarks. We also anticipate that our Auto-ISAC will be a key voice for the ongoing development of best practices. The Auto-ISAC will have initial operating capability by the end of 2015 and a complete information-sharing portal in the next few months thereafter.

- B. You testified that the Auto-ISAC will eventually include suppliers among its membership. Will membership on the Auto-ISAC be extended to third-party security researchers?**

We anticipate opening up membership to suppliers early in 2016. Many individual automakers are already working with responsible members of the security research community. Automakers recognize the important of working with these stakeholders and will continue to do so in the future.

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**2. How would a requirement on vehicle manufacturers to submit specific part numbers, names, and descriptions of all parts affected by a safety recall impact the manufacturer's ability to identify all affected VINs in a timely manner? What additional costs would this type of requirement impose on manufacturers?**

To the extent that part number data may be useful in the repair of a recalled vehicle, the part number is typically identified not only in repair instructions but also on the defect information report submitted by the manufacturer to NHTSA. As you know, vehicles are comprised of over 30,000 different parts, so creating a data base of part numbers on affected and non-affected vehicles is an overly broad and burdensome approach to ensuring the removal of defective parts from the stream of commerce. Not only would this have a decimating impact on NHTSA's resources but it also would provide little to no safety benefit.

**3. How often do regional recalls occur? What impact would the elimination of regional recalls have on the manufacturer's ability to prioritize repair parts to populations or geographic areas that are more vulnerable to a safety defect than others?**

Regional recalls are a very small minority of those conducted by the industry. An analysis of NHTSA recall data commissioned by the Alliance determined that only about three percent of the light passenger vehicle recalls conducted between 2000 -2013 were regional recalls. There are reasons why, in some instances, a regional recall makes sense; therefore, continuing to have that capability is appropriate. For one, elimination of regional recalls would adversely impact a manufacturer's ability to prioritize repairs to areas where the need is greatest. That said, it is an industry practice that any vehicle subject to a regional recall will be repaired, even if brought to a dealer, outside of the region where the recall is active. In addition, we understand that the concern of those wanting to do away with regional recalls is that a vehicle may "travel" over its life –it may visit or be sold into an area where a recall was deemed appropriate, but which did not include that vehicle since it was not in the region at the time the recall occurred. Automakers carefully consider the proper expanse of the recalls they undertake – and work hard to assure all potentially affected vehicles are included.

**4. Within your membership, do you know how many automakers have one senior official responsible for safety within their corporate organization structure? If so, how does that individual currently interact with the rest of the organization and work to ensure that information submitted to NHTSA on safety issues is accurate?**

It is our understanding that all Alliance members have a senior official responsible for the oversight of safety issues within their organizational structure. The Alliance is not in a position to describe the company-specific interactions, internal or with NHTSA, of the various member companies.

**5. How do auto manufacturers currently coordinate with NHTSA on publicizing vehicle safety recall notices? How typical is it for NHTSA to publicize a recall notice before the manufacturer has identified all affected VINs?**

Once a determination has been made to conduct a safety recall, actions to implement that recall are done with the oversight or coordination of the agency.

The Alliance continues to work with NHTSA to develop strategies to increase recall completion rates. The Auto Alliance, Global Automakers, and the National Automobile Dealers Association commissioned extensive national research conducted by Public Opinion Strategies to gain insight into what motivates consumers to have a recall completed and what causes consumers to choose not to have a recall completed. This information has been shared with NHTSA and the agency is currently planning an advertising campaign to promote recall completion.

**6. Are there certain regulatory barriers in place right now that are preventing car companies from fully investing in crash avoidance technologies and other next-generation safety features?**

The research and development of vehicle safety systems can easily outpace the ability of regulators to address these new systems. The industry works with the agency through the petition and comment process but recognizes this process does not always yield timely and adequate guidance or reaction by the agency. An example of this is a petition filed by Toyota with NHTSA in 2012 seeking amendment to the agency's lighting standard to allow advanced adaptive high beam systems already allowed in Europe and elsewhere. An analysis by the Insurance Institute of Highway Safety (IIHS) found property damage liability claims fell as much as ten percent (10%) with adaptive headlights. NHTSA has not responded to Toyota's petition.

**A. How should we expect consumers to embrace advanced automotive technologies? Do consumers face any obstacles to adoption, such as cost?**

The more advanced systems being developed today involve very sophisticated sensors and elaborate software controls that are needed to register, understand and react to the environment being faced. Once consumers are educated on the benefits of technologies, they tend to welcome the safety benefits these new systems can provide. According to the J.D. Power 2015 U.S. Tech Choice Study, three of the top five technologies consumers most prefer in their next vehicle are related to collision protection. J.D. Power further reports that price is the most important consideration for consumers when considering advanced technology features.

**B. What types of education should be provided to consumers to increase their awareness, understanding, and trust in crash avoidance technologies?**

There are several education initiatives underway to educate consumers about new crash avoidance technologies. The Alliance, through our "Overview of Driver Assists" channel on YouTube, helps to provide the public with helpful information on the new crash avoidance technologies available on vehicles. Automakers, through their advertising and in their showrooms, also provide information to consumers on new technologies being deployed. The National Highway Traffic Safety Administration, through [www.safercar.gov](http://www.safercar.gov), provides consumers

a brochure entitled “Buying a Safer Car” that provides consumers helpful information on technologies to look for when making a new vehicle purchase. The National Safety Council also has a website that aims to inform consumers of the technologies available on vehicles. The website is called: “My Car does What?” and is available at the following web address: <https://mycardoeswhat.org/>

**7. Security researchers can play a valuable role in the discovery and mitigation of cybersecurity vulnerabilities in vehicles. What is the auto industry doing to work with the security research community to help identify and remediate cybersecurity threats in vehicles?**

Security research is an integral part of providing safe automobiles. Individual automakers set their own policies and have their own programs for security testing. Many individual automakers have longstanding engagements with responsible members of the research community, and many have plans to further increase and strengthen these relationships.

Auto manufacturers engage both individually and industry-wide with third party security technologists, multi-stakeholder and auto-centric collaboratives, government programs and working groups, universities, and Science Technology Engineering and Mathematics (STEM) initiatives. These relationships help automakers develop vehicle-specific security technologies and practices.

Currently, the Auto Alliance is participating in NTIA’s Multi-stakeholder Process on Research Vulnerability Disclosure. This effort seeks to find common ground between industry and security researchers on responsible vulnerability disclosure, in order to maximize vehicle security and safety.

**The Honorable Jan Schakowsky**

- 1. On July 24, 2015, General Motors, one of your members, announced that Chevrolet, Buick, GMC and Cadillac will offer 22 different crash avoidance technologies across their 2016 model year U.S. lineups. Under Section 502 of the discussion draft, GM could receive three or more grams per mile in greenhouse gas (GHG) emissions credits for each of those technologies. That would mean that a GM vehicle that carries all 22 active safety technologies could receive at a minimum 66 grams per mile in GHG credits.**

**Similarly, Section 503 of the draft would grant manufacturers Corporate Average Fuel Economy (CAFE) credits in exchange for installing certain safety technology onto their vehicles. It seems to me that the combined environmental impact of 66 grams per mile in GHG emissions credits and equivalent credits toward meeting CAFE standards for every one of those vehicles could be significant.**

- A. For each of your member companies, how many crash avoidance technologies per vehicle model are planned to be offered each model year from 2016 through 2021?**

The Alliance is not privy to the product plans of our member companies, so we are unable to provide company-specific data. However, the Insurance Institute for Highway Safety (IIHS)

estimates that seven percent (7%) of model year (MY) 2015 vehicles have forward collision warning as a standard feature and four percent (4%) of MY 2015 vehicles have advanced automated braking as a standard feature. Title V would complement automakers market push with a market pull by consumers that would help accelerate the deployment of these potentially life-saving technologies as standard features in vehicles at all price points.

**B. Should the number of GHG and CAFE credits that manufacturers receive under Title V of the bill be capped at a particular number of credits? If so, what should the cap be for GHG credits and for CAFE credits?**

The Alliance supports Title V because it will help accelerate the deployment of these life-saving technologies. The benefits of crash avoidance technologies are unprecedented – a 2015 study by the Boston Consulting Group found advanced driver-assistance systems, upon achieving mass implementation, could prevent nearly 10,000 fatalities and save the U.S. \$251 billion annually. Additionally, NHTSA estimates that connected vehicle technology could potentially mitigate or eliminate up to 80% of crash scenarios involving non-impaired drivers. The environmental benefit is clear as well. There is a direct link between unnecessary fuel consumption and traffic congestion. In its 2015 annual report, the Texas A&M Transportation Institute estimated that travel delays due to traffic congestion caused drivers to waste more than 3 billion gallons of fuel last year.

The Alliance welcomes the opportunity to work with the Committee on the specifics of this provision. The credits outlined in Title V are modest and comparable to other available CAFE/GHG emissions credits – such as those given for Flexible-Fuel Vehicles (FFVs), electric vehicles, and even those given for greener refrigerants and active grill-shutters. To help put these credits in perspective, the average Tesla Model S vehicle currently generates credits equivalent to 302 grams per mile. Beginning in MY 2017, battery electric vehicles, plug-in hybrid electric vehicles, and fuel cell vehicles will be eligible for a credit multiplier, allowing each vehicle to be counted more than once. As a result, the Tesla Model S credit equivalent will be 604 grams per mile. This number is significant when compared to the 3 grams per mile per advanced vehicle technology credit or 6 grams per mile per connected vehicle technology prescribed in Title V.

**C. In your testimony, you state that Title V of the discussion draft would “incentivize the adoption of these advanced technologies.” GM, however, has already elected to offer 22 different crash avoidance technologies on thousands of its vehicles without the possibility of GHG or CAFE credits as an incentive. Please explain why GHG and CAFE credits are necessary to incentivize safety when vehicle manufacturers are already including advanced technologies in their vehicles?**

Automakers continue to develop and install crash avoidance technologies in their vehicles. The Insurance Institute for Highway Safety (IIHS) estimates that seven percent (7%) of MY 2015

vehicles have forward collision warning as standard feature and four percent (4%) of MY 2015 vehicles have advanced automated braking as a standard feature (<http://www.iihs.org/iihs/ratings/crash-avoidance-features>). Title V would add a consumer market pull to automakers market push of these potentially life-saving technologies and will help to accelerate widespread deployment across the entire fleet, in vehicles at all price points.

### **The Honorable Lois Capps**

- 1. During the hearing, I asked you if the Alliance of Automobile Manufacturers (Alliance) still opposed H.R. 2198, the Raechel and Jacqueline Houck Safe Rental Car Act, despite General Motors' support for the bill. You responded that "the Alliance does not have consensus" on this bill, but provided no further explanation.**
  - A. Please explain why the Alliance still does not have a consensus on the bill despite the addition of Section 9 in H.R. 2198, which was added to the legislation to address General Motor's concerns about "loss of use" liability.**

As a trade association, the Alliance operates on a consensus basis. We do not have consensus among our members on this bill. However, the Alliance has previously proposed language to address this issue. We remain willing to work with all parties that so that all vehicles under recall are repaired expeditiously.

- B. Does Section 9 of H.R. 2198 satisfy the concerns of the Alliance given General Motors' support for the legislation? If not, please explain why.**

Section 9 of H.R. 2198 preserves the status quo with respect to auto manufacturer's liability for loss of use of a motor vehicle as a result of a safety recall. Rental car companies believe that they may be entitled to compensation for loss of use if they are required by federal law to ground their vehicles pending a safety recall, so preserving the status quo does not sufficiently protect against the possibility of frivolous litigation over this issue.

- C. In your written testimony, you stated "when we perform a recall, we want ALL of our customers to have their vehicles repaired as soon as possible." The rental car companies are the largest purchasers of new vehicles in the nation. They are Fiat-Chrysler, Ford, and GM's biggest customers. Should this principle apply to them, as well as individual consumers? If not, why not, since they rent and sell millions of vehicles to the public?**

Rental car companies should have their vehicles repaired as soon as possible. It is the Alliance's understanding that the rental car companies in the U.S. responsible for 95 percent (95%) of all vehicle rentals have adopted policies for the repair of recalled rental vehicles prior to being next rented.

Alliance member companies want all of their customers to have their vehicles repaired as quickly as possible when there is a recall. This is why the Alliance, on behalf of our members and in partnership with the Association of Global Automakers and the National Automobile

Dealers Association, initiated an extensive research effort to understand how we could better motivate customers to bring their vehicles in for repair when under a recall. Our research identified several challenges to getting consumers to repair their recalled vehicles. We learned that many consumers are doing their own risk assessments upon receiving a notice and they are deciding if the recall seems important enough for a response. Many survey respondents showed a reduced likelihood to repair a recalled vehicle if they perceived the recall to be a “low” or “moderate” risk, saying it seemed to be “no big deal.” The research also showed that used vehicle owners are less likely to be motivated to respond to recall communications, even when they are aware of a recall on their vehicle.

The survey indicated that many consumers may support state laws that only allow a vehicle’s registration to be renewed if all safety recalls have been completed. Survey respondents supported several ways to help convince people to bring their vehicle into a dealership for the free recall repair, including ranking the severity of the recall as “high,” making the recall notice stand out while also denoting the repair is free, and providing a reminder of an uncompleted safety recall in their insurance renewal notices.

### **The Honorable Adam Kinzinger**

**1. Previously your trade association informed me that it is willing to "explore ways to facilitate the removal of defective parts taken from recalled vehicles from the stream of commerce." Can you update the committee on where this exploration exercise stands?**

Alliance staff met with representatives of the Automotive Recyclers Association (ARA) on August 26, 2015 to discuss their concerns. While the ARA was unable to provide clarity on its exact concerns, we remain willing to talk to all parties on ways to remedy vehicles subject to a safety recall.

**2. Earlier this year, Sec. Foxx recommended that automotive manufacturers should provide part number information in an efficient and easy-to-use format directly to recyclers and others who need the information to support auto safety. Do you support this approach? What barriers are there to implementing this recommendation?**

Vehicles subject to a safety recall are identified by their vehicle identification number (VIN); completion rates are also calculated using those VINs. Most safety recalls involve inspecting the vehicle and repairing the vehicle. It is less common to replace a part in its entirety. To the extent that part number data may be useful in the repair of a recalled vehicle, the part number is typically identified not only in repair instructions but also on the defect information report submitted by the manufacturer to NHTSA. Each of these documents is publicly available.