



**AUTO ALLIANCE**  
**DRIVING INNOVATION®**

**STATEMENT**

**OF**

***THE ALLIANCE OF AUTOMOBILE MANUFACTURERS***

**BEFORE THE:**

**ENERGY AND COMMERCE COMMITTEE  
SUBCOMMITTEE ON COMMERCE, MANUFACTURING AND TRADE  
U.S. HOUSE OF REPRESENTATIVES**

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**PRESENTED BY:**

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President and CEO

On behalf of the Members of the Alliance of Automobile Manufacturers (Alliance), thank you for the opportunity to testify today on the discussion draft of the reauthorization of the National Highway Traffic Safety Administration (NHTSA). Alliance Members account for 75 percent of annual car and light truck sales by revenue in the United States. The Alliance includes amongst its diverse membership companies headquartered in the U.S., Europe and Asia, including the BMW Group, Fiat Chrysler Automobiles US, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America and Volvo Car Group.

There is a lot of evidence that vehicles on the road today are the best they have ever been. We are living in the safest period in motor vehicle history. In the last decade (2003 – 2013) the U.S. has experienced major reductions in traffic fatalities – a nearly 25 percent overall reduction and a 34 percent reduction in passenger vehicle fatalities. In fact, our collective actions since 1990 have cut in half the fatality rate per 100 million miles of travel (1990: 2.08; 2013: 1.09). New cars are cleaner and more fuel-efficient, too. Today, there are more than 495 new car models that get 30 mpg – an increase of more than 600 percent since 2006. We are building safer vehicles that last longer and are better for the environment.

The next reauthorization could potentially take us into the next decade, and the Committee should be commended for thinking about how to help the transformation to the next generation vehicle technologies which is occurring now. This is an incredibly exciting time in our industry that promises enormous consumer, environmental and safety benefits that will require advanced policies and ways of thinking both for industry and government. While the draft legislation is comprehensive and covers a multitude of issues, my testimony will focus primarily on the two forward-looking Titles – Titles III and V.

#### **Title V: Advanced Automotive Technologies**

Traditionally, there has been little, if any, intersection between efforts to enhance automotive safety and efforts to improve automotive fuel economy. In fact, these goals have often worked at cross-purposes. To enhance safety, vehicles have been designed to minimize the injury to passengers in a crash, often through the addition of new equipment that adds weight to the vehicles. To reduce fuel consumption, manufacturers often try to reduce weight through the use of advanced materials and technologies. Moreover, the issue of traffic congestion, which contributes to increased fuel consumption and greenhouse gas emissions, has not been a primary focus of automotive technology—rather, it has been a matter of building more roads, or adding lanes to existing roads.

The next generation of innovative vehicle technologies offers the potential to further enable the goal of achieving increased levels of safety and reduction of fuel consumption. Crash avoidance and connectivity technologies will help prevent crashes from happening in the first place. When a crash is avoided, the potential traffic congestion resulting from the accident is eliminated. Reduction in traffic congestion means less fuel is wasted by vehicles idling in traffic, thereby cutting down on greenhouse gas emissions. We refer to these technologies collectively as “convergence” technologies because they represent the intersection of safety, mobility, and the environment.

Title V of the NHTSA reauthorization discussion draft prioritizes incorporating these advanced technologies into the fleet. It creates a process in Section 501 for developing performance metrics and test procedures that gives NHTSA the ability to accelerate the deployment of these advanced technologies and better inform safety conscious consumers through the NCAP program. It would also

incentivize the adoption of these advanced technologies in Section 502 by providing modest greenhouse gas and fuel economy credits for manufacturers that include them on new vehicles. These credits will incentivize the expeditious deployment of technologies that enhance safety and/or reduce congestions, and thereby reduce automotive greenhouse gas emissions.

Driver error remains the primary cause of 94 percent of crashes, according to the National Highway Traffic Safety Administration. Crash avoidance, or “driver assist,” technologies employ sophisticated software to interpret data from sensors, cameras, or radar-based technologies that allow vehicles to sense the environment around them and alert drivers of impending dangers. There are many different types of driver assists, including intervention technologies beginning with electronic stability control and warning technologies such as blind spot warnings, lane departure alerts, and automatic braking for pedestrians, cyclists and wild animals, and adaptive cruise control and automatic high beams that help drivers in specific situations.

The next phase of vehicle safety technology is vehicle to vehicle (V2V) and vehicle to infrastructure (V2X) communications. These technical communications systems are designed to allow vehicles to communicate with one other and the environment around them to avoid accidents and eliminate congestion in our cities and on our highways. According to NHTSA, connected vehicle technology could potentially mitigate or eliminate up to 80 percent of crash scenarios involving non-impaired drivers. That is why both automakers and the government have invested hundreds of millions of dollars in the development of connected vehicle technology.

Congress has a tremendous opportunity to help accelerate the deployment of these next-generation technologies to enhance safety, reduce traffic congestion and greenhouse gas emissions, improve personal mobility, and address our nation’s current and future infrastructure, environmental and economic challenges. We commend the Committee for offering a plan to encourage the development and deployment of these important technologies.

### **Title III: Privacy, Hacking Prohibition, and Cyber Security**

The bright future outlined above is premised on the development of increasingly sophisticated computer systems in automobiles. The potential benefits are enormous, but we also recognize that there are potential challenges, including data privacy and cyber security.

We recognize that consumers want to know how these vehicle technologies and services can deliver benefits to them while respecting their privacy. The Alliance supports the direction of Section 301, which would require an auto manufacturer to file its privacy policy with NHTSA, which, in turn, would post the policy on the web for consumers to review.

Privacy is important to consumers, and it is important to auto manufacturers. That is why last year the Alliance and Global Automakers came together to issue Consumer Privacy Protection Principles for Vehicle Technologies and Services (Privacy Principles) – a first of its kind industry-wide commitment to the protection of personal data.

In forming these principles, our Members worked with privacy advocates to incorporate renowned data collection and usage concepts. Using the widely-regarded Fair Information Practice Principles (FIPPs) as a baseline, the auto industry’s Privacy Principles go even further by incorporating robust guidance from the Federal Trade Commission, as well as the White House Consumer Privacy Bill of Rights. These

efforts, when applied to automobiles, help to reassure our customers that their privacy is taken seriously.

The Privacy Principles have three important hallmarks that are the touchstones of our Members' commitment to their customers.

First, consumers can expect transparency. Our Members have pledged to provide consumers with clear notices of their respective privacy practices, including through owner's manuals and company websites.

Second, the most sensitive types of consumer information receive heightened protections. Sensitive information includes where and how someone drives her car. Under the Privacy Principles, our Members pledge to provide protections and choice around the use of sensitive information that goes beyond the practices in virtually every other sector.

Third, our Members commit to inform customers of sharing, with third party entities, and they commit to provide sensitive data to government authorities only under specific and limited circumstances.

We believe that strong consumer data privacy protections are essential to maintaining the trust of our customers. Protecting privacy in today's world includes efforts to incorporate strong cyber security measures into design and production policies and architecture. But, as has recently become apparent, in the automotive sector, data security goes well beyond the protection of data. Data security also requires making vehicle control systems ever more resistant and resilient to cyber threats and vulnerabilities.

We recognize that we must constantly be vigilant that criminals and other malicious individuals and entities will seek to exploit network vulnerabilities in attempts to cause physical harm. Section 302 provides for enhanced penalties for individuals who hack into critical vehicle systems. We have heard repeatedly from members of Congress and the public that hacking into a vehicle is a far more serious proposition than hacking into a fitness device or a home thermostat or even a personal computer. It makes sense, then, for Congress to provide a stronger deterrent to malicious hackers.

Our Members are taking a multi-layered approach to securing vehicles from evolving cyber threats. Towards that end, the Alliance again joined with Global Automakers in July of this year to announce that we are creating an Auto Information Sharing and Analysis Center (Auto-ISAC) to facilitate the sharing of potential cyber threats and countermeasures in real time. This development is an important step in protecting motor vehicle electronics and associated in-vehicle networks. The ISAC model has proven successful in other sectors, and likewise is expected to significantly bolster the auto sector's ability to identify potential threats and respond accordingly.

But we have also heard the concerns of many members of Congress – reflected in Section 303 – that more emphasis needs to be placed on making vehicles ever more secure against hackers. Recognizing that there is no such thing as a hack-proof system, we nevertheless agree that there are security measures that help defend against possible attack by cyber criminals to critical vehicle systems.

An approach to cyber resiliency that supports the development of industry standards and guidelines can work with some of the aspects outlined in Section 303. This will provide advantages over a traditional regulatory approach; given the constantly evolving nature of cyber threats and rapid change of connected technology, a regulation may be out-of-date before implementation starts. That design is

consistent with our national cybersecurity policy objectives, which emphasize industry-led, voluntary outcomes. These have been consistent themes in major cybersecurity legislation as well as President Obama's 2013 and 2015 Executive Orders.

We are concerned about the workability of the Automotive Cybersecurity Advisory Council, which, based on the draft, would be comprised of upwards of 30 members of the public and private and public sectors and would need to develop best practices on a very tight timeframe for a group so large and disparate. We also note that the requirement to file plans for implementing the best practices with NHTSA is not the approach taken elsewhere in the cyber security space, including in critical infrastructure sectors. We are certainly willing to work with the Committee as this legislation proceeds; however, we have decided as an industry not to wait for a legislative directive on this front.

Recognizing that good cyber security practice is collaborative, the Alliance and Global Automakers yet again are working with our Members to facilitate the development of new standards and guidelines that will be available to the entire industry and that we believe will be useful for securing our vehicles from malicious hacks. We are currently reaching out to third parties and reviewing potential approaches, such as NIST's Framework for Cyber Physical Systems, that could be adapted to the automotive context.

### **Motor Vehicle Safety Recalls**

Auto manufacturers stand behind their products, and that includes undertaking recalls when there is a safety defect or noncompliance. When we perform a recall, we want ALL of our customers to have their vehicles repaired as soon as possible. The Alliance supports the Committee's efforts in Title II to improve the recall process especially through owner notification during vehicle registration. We have some questions about the practicability of the coordination provisions in Section 202, but we appreciate the intent and are willing to work with the Committee as the bill moves forward.

As you know, the Alliance and Global Automakers also initiated a comprehensive research initiative with the ultimate goal of improving recall participation rates. We recently briefed NHTSA and the Committees on the results of Phase I, the large quantitative survey. The survey identified several areas for improving owner response to recalls, including identifying and focusing on non-responders and engaging more points of contact – including State DMVs and insurance companies – with consumers. As we transition into the next phase of the study, we are working with the experts at NHTSA to test new ways to motivate owners to participate in safety recalls. Our efforts in this initiative are modeled after the very successful "Click It or Ticket" program, which has increased safety belt usage to 87 percent last year from 60 percent in 1995.

Again, we appreciate the opportunity to offer our views on this discussion draft. We continue to review it and look forward to working with the Committee as it proceeds through the legislative process.