

Automotive Recyclers Association Statement on
"Oversight of the National Highway Traffic Safety Administration"

House Commerce, Manufacturing and Trade Subcommittee

of the

U.S. House Energy and Commerce Committee

April 14, 2016

Chairman Burgess, Ranking Member Schakowsky, and Members of the Subcommittee, I appreciate the opportunity to testify before you today. My name is Michael Wilson and I am the CEO of the Automotive Recyclers Association (ARA).

The ARA is dedicated to the efficient removal and reutilization of genuine original equipment (OE) automotive parts, and the proper recycling of inoperable motor vehicles. ARA represents the interests of over 4,500 professional automotive recycling facilities in the United States who each day sell over 500,000 recycled original equipment parts directly to consumers, mechanical/collision repair shops and automobile dealers. These quality, recycled OE parts are designed by automobile manufacturers and built to meet their requirements for fit, finish, durability, reliability and safety. These parts are often subsequently reutilized in the repair and service of motor vehicles throughout their lifespan and these replacement parts continue to operate as they were originally intended in terms of form, function, performance and safety.

I come before you today with appreciation for the Congress including a provision in the Fixing America's Surface Transportation (FAST) Act that provides the automotive recycling industry and others with access to critical OE parts data on all recalled automotive parts and to discuss the important steps that must be taken to implement this provision. While the language in the FAST Act does not provide for access to all parts data for every motor vehicle, as did the version that passed the full House on November 4, 2015, it does signify the importance of part numbers availability to enhanced consumer safety.

ARA applauds NHTSA Administrator Rosekind's goal of 100 percent completion rates for safety recalls and has had numerous discussions with the Administrator and NHTSA staff over the last several years. Since passage of the FAST Act, ARA has not had detailed conversations with NHTSA on this important issue. However, we believe our previous outreach to NHTSA and Congress has provided the Agency with significant insight into why the data must be made available electronically to address vital consumer safety concerns.

ARA's leadership and staff stand ready to provide the Agency with technical assistance on the complexities of part identification in the recycled parts supply chain. Specific data requirements need to be addressed to ensure that this new law has the positive and effective outcomes as intended. In my oral comments, I will address 3 main issues that need to be satisfactorily addressed by NHTSA for successful implementation.

First, the provision's purpose is to provide the professional automotive recycling industry with the recall data necessary to specifically identify automobile manufacturers' defective parts in the automotive supply chain. The only way to determine exactly which particular part is built into a vehicle is to clearly identify a part, system or component by its vehicle manufacturer's OE parts number, which is related to the unique Vehicle Identificant Number (VIN) of each motor vehicle. As I testified before this Subcommittee last October, the data on part names, part descriptions and part numbers must be tied to specific VIN numbers for automotive recyclers to be able to efficiently identify automobile manufacturers' defective parts.

NHTSA needs to understand prior to implementation the distinction between “specific VINs” versus “VIN ranges”. Unrestricted access to specific VIN recall data is critical to the automotive recycling industry. VIN ranges simply do not yield specific enough information to accurately and efficiently identify defective parts in the parts supply chain.

The relationship between specific VINs and each unique motor vehicle manufacturer’s OE part numbers in a digital form enables access to and processing of the data with standard IT systems. It is only with access to specific VIN numbers tied to standardized parts information -- such as part names, part numbers and part descriptions -- that the industry’s commercial inventory management system (IMS) providers and large independent operators have the ability to cost effectively develop software that can automatically and electronically identify manufacturers’ defective recall parts that are in professional automotive recyclers’ inventories, or identify the vehicles which contain those recalled parts prior to purchase by the automotive recycler.

To illustrate the critical distinction between specific VINs versus VIN ranges, please consider the following scenario. With access to specific VINs, a software application could automatically identify vehicles containing defective parts as well as those parts to be removed from inventories, significantly helping NHTSA reach its 100 perfect remedy goal. However, with only VIN ranges, the industry would be limited to manually mapping each recall campaign - a process that one IMS provider has already attempted, only to determine that it is so inefficient and time consuming that it ceases to be effective. In fact, this major IMS provider

representative indicated that having to manually map the thousands of automobile manufacturers' recalls using VIN ranges would bankrupt the company.

It is important to note that six to eight major inventory management stakeholders process an estimated 95 percent of the parts inventoried by professional automotive recycling facilities. With precise recalled parts data associated with specific VINs and made available in a standardized and electronic format, these inventory management stakeholders and professional automotive recyclers will have the tools necessary, as envisioned by Congress, to enhance recall efficiency.

It is also important to note that motor vehicle manufacturers change their original parts and components along with their OE-replacement part numbers frequently. This may be due to product development, logistical, or commercial reasons such as changing an OE supplier. Motor vehicle manufacturers do not communicate these changes to the professional automotive recycling industry. When recyclers are not aware of these changes or “silent recalls”, there is a data gap that may create circumstances where recyclers are unable to efficiently identify unsuitable parts or faulty components. For this reason, the ability to electronically access specific VIN data related to recalled OE parts in real-time is vital.

Second, ARA understands that reservations have been expressed by some interested parties about asking NHTSA to take on additional responsibility for database development and management. However, the ARA maintains that no new government database needs to be

developed because manufacturers are already required under 49 CFR Section 573.8 to maintain publicly available lists of specific VINs of the vehicles involved in a recall that are included in a manufacturer's quarterly report.¹

Currently, the statute also requires that "these reports continue to be available online through www.safercar.gov as part of the manufacturer's recall file".² The current rule also requires "manufacturers to submit their part 573 notification reports through NHTSA's Internet web-based portal".³

Given that automobile manufacturers already submit quarterly recall reports electronically to NHTSA, ARA believes that the process may only involve a modest technical correction to provide IMS stakeholders timely access to data fields within these reports, which in turn would allow these parties to cross-check that information with the inventories of professional automotive recyclers. Providing these reports in a portable document format (pdf) or other non-integratable format requiring inventory management systems to manually read each file or data field is unacceptable and unworkable. We understand that there may be other possible

¹ *Federal Register/Vol. 78, No. 161/Tuesday, August 20, 2013/Rules and Regulations, Page 51385: Section 573.8 requires manufacturers to maintain lists of VINs of the vehicles involved in a recall as well as the remedy status for each vehicle to be included in a manufacturer's quarterly reporting as specified in Section 573.7.*

² *Federal Register/Vol. 78, No. 161/Tuesday, August 20, 2013/Rules and Regulations, Page 51399: Manufacturer quarterly reports will continue to be available online through www.safercar.gov as part of the manufacturer's recall file, as they are currently required. Section 573.8.*

³ *Federal Register/Vol. 78, No. 161/Tuesday, August 20, 2013/Rules and Regulations, Pages 51418-51419: NHTSA requires submission of these reports through NHTSA's Internet web-based recalls portal.*

alternatives to efficiently and cost effectively providing this information, and ARA and its members stand ready to work with NHTSA and the automobile manufacturers to develop that solution.

NHTSA's implementing language must adopt parts identification methods that embrace advancements in information technology resulting in a state-of-the-art electronic processing method based on the relationship between the VIN and part numbers. Motor vehicle manufacturers themselves use this VIN-OE part number connection to increase the efficiency in their own parts ordering systems. Automobile manufacturers' refusal to grant access to this precise parts identification method leads to a monopoly on critical safety information that puts consumers at risk and the entire independent replacement parts market at a disadvantage. It is no longer a matter of letting motor vehicle manufacturers decide whether it suits their business model to grant access to this data or not. It is a consumer safety concern that NHTSA must address.

Lastly, it is important that NHTSA adequately address the scope of data that will be provided to the professional automotive recycling industry. To effectively address requirements under the Transportation Recall Enhancement, Accountability and Documentation (TREAD) Act of 2000 as well as new requirements contained in the FAST Act that requires automobile manufacturers to remedy their recall defects going back 15 years, automobile manufacturers must be required to provide this recalled parts data back to November 2000 to cover the 10,252 recall campaigns over this time period.

It is only through comprehensive access to both original equipment part numbers of recalled parts, tied to specific VINs and other OE parts identification information that automotive manufacturers and professional automotive recyclers can come together to:

- Enhance overall motor vehicle safety;
- Help improve recall remedy rates; and
- Seek to effectively address the federal recall remedy requirements for used equipment enacted 15 years ago in the TREAD Act.

We are grateful for your Congressional attention and oversight of this critical safety issue. The ARA, as representative of 4,500 professional automotive recyclers, respectfully requests a swift and productive implementation process, and is committed to working together with NHTSA and the automotive manufactures, to that end. Once again, thank you for this opportunity to come before you today.