



AUTO ALLIANCE
DRIVING INNOVATION®

STATEMENT

OF

THE ALLIANCE OF AUTOMOBILE MANUFACTURERS

BEFORE THE:

**THE HOUSE ENERGY AND COMMERCE SUBCOMMITTEE ON
COMMERCE, MANUFACTURING AND TRADE**

APRIL 14, 2016

PRESENTED BY:

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Executive Summary

Working with industry and government stakeholders, there has been enormous progress in automotive safety over the last 50 years. Since the passage of the National Traffic and Motor Vehicle Safety Act in 1966, fatalities as a share of miles travelled are down 80 percent, and are down 26 percent just over the past decade alone. From designs and technologies that provide substantial protection to occupants involved in crashes to vehicle technologies that assist drivers in avoiding crashes, the automobile industry has made a significant and continuous contribution to motor vehicle and traffic safety. Our testimony provides highlights in three areas where the industry is working to develop technology to increase motor vehicle safety.

Proactive Safety Principles

The Proactive Safety Principles were developed collaboratively by the member companies of both major automobile trade associations, the Alliance of Automobile Manufacturers and the Association of Global Automakers, along with DOT. The overarching themes are:

- Enhance and Facilitate Proactive Safety
- Enhance Analysis and Examination of Early Warning Reporting Data
- Maximize Safety Recall Participation Rates
- Enhance Automotive Cybersecurity

Implementation of FAST Act Provisions

Last year Congress made great strides in the advancement of auto safety by passing a multi-year transportation reauthorization bill. The legislation contained important motor vehicle safety provisions such the implementation of the Inspector General's recommendations to improve defect identification, the enhancement of the early warning reporting system, an annual priorities report and the improvement of NHTSA's research efforts that will assist in making our roadways even safer.

Advanced Driver Assist Systems and Autonomous Vehicles

The development of auto technology has been instrumental in the advancement of vehicle safety. Through driver assist technologies such as forward collision warning and autonomous braking, the auto industry continues to improve the safety of the traveling public. We are on the cusp of the next technological revolution with the development of partial and fully autonomous vehicles. Now more than ever industry and government must work together to develop a unified program for all states to follow so that we do not stifle innovation.

Conclusion

We stand ready to work with Members of the Committee and Congress to advance the safety of consumers on America's roadways.

Testimony

Chairman Burgess, Ranking Member Schakowsky and other distinguished members of the Committee, on behalf of the Members of the Alliance of Automobile Manufacturers (Alliance), thank you for the opportunity to testify today regarding the significant strides made concerning automotive safety and what our industry is doing to build on this progress. As you may know, Alliance Members account for 75 percent of annual new 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.

Over the last decade the auto industry has faced many challenges. We witnessed first-hand the impact the economic collapse had on vehicle sales which dropped to record lows and caused significant changes to our industry. But, ever resilient, the industry continues to bounce back. Sales have rebounded with an all-time record for new vehicle sales last year (17.5 million) – the seventh straight year of increased sales. And, while our industry works to address various motor vehicle recall issues, the fact remains that we are currently living in the safest period in automotive history. In the last decade (2005 – 2014) the U.S. has experienced a 13 percent reduction in passenger injuries, a nearly 25 percent overall reduction in traffic fatalities and a 34 percent reduction in passenger vehicle fatalities. Overall, our efforts have cut the fatality rate per 100 million miles of travel in almost half from 2.09 in 1990 to 1.07 in 2014- the lowest number since the National Highway Traffic Safety Administration's (NHTSA's) Fatality Analysis Reporting System (FARS) first began collecting data in 1975. Additionally, NHTSA's most recent estimate has seat belt usage at around 87 percent. These statistics tell a great story, but more work must be done - especially in light of the roughly 9 percent increase in motor vehicle fatalities in 2015, which outpaced the overall increase in Vehicle Miles Traveled (VMT).

According to NHTSA, nearly 94 percent of all crashes are caused by human error. Each year, drunk driving crashes represent roughly one-third of fatalities and nearly half of all passenger vehicle occupant fatalities are unbelted. In an era of advanced technology and social awareness, these numbers are astounding. We agree with NHTSA when they say that roadway safety is a shared responsibility between all stakeholders. That is why Alliance members continue to develop advanced technologies to provide the ever-safer and more fuel efficient vehicles that consumers can purchase in showrooms across the country. With continued innovation and protection of Dedicated Short Range Communications (DSRC) systems, the addition of driver assist technologies and the development of autonomous vehicles, we can make material improvements to further reduce the overall number of crashes and injuries on our nation's roadways.

As the Committee reviews past and future automotive safety, I would like to highlight several programs and advancements in vehicle technology that will help pave the way for the next

generation of safety improvements, some of which this Committee helped spearhead with the recent enactment of the FAST Act. With the right combination of your leadership, investment from manufacturers and participation from other stakeholders, we can continue to develop innovations that will better protect the traveling public unlike any other time in automotive history.

Proactive Safety Principles

Members of the Alliance and Global Automakers continue to advance the auto industry's dedication to motor vehicle safety. On January 15, 2016 at the North American International Auto Show in Detroit, MI, member companies came together with the DOT and NHTSA to announce a set of Proactive Safety Principles. These principles reflect a shared commitment by the auto industry and DOT to proactively work together to address the most critical safety concerns and to promote the steady improvement of vehicle safety and quality. Overall, the Principles will enhance and facilitate proactive safety, analysis and examination of the early warning reporting system, maximization of safety recall participation rates and automotive cybersecurity.

The first step to any relationship is communication. That is why the main objective of the Principles is to promote an open and more effective dialogue between NHTSA, automakers, and suppliers. This will help ensure that emerging safety issues are identified and addressed in an efficient and timely manner. In doing so, we hope to create an environment where industry and government are working with each other and not against each other. We share the common goal of saving lives on America's roadways and this is another step in realizing that goal.

The next step is to examine the current system and develop improvements that will have a direct impact on roadway safety. With the enhancement of the early warning reporting data system, we wish to incorporate advanced methods of data analysis to better identify potential risks sooner. Not only will we review the system as it currently exists to assess whether its tools are effective, but we will also develop a NHTSA and industry working group to explore potential changes and new processes that could further enhance the usefulness of this data.

As I previously stated in my testimony, the industry aims to increase recall completion rates towards the aspirational goal of 100 percent participation by all consumers. Through these Principles, the industry and NHTSA will work to develop new methods to increase recall participation rates for motor vehicle owners. We will also extend an invitation to other stakeholders such as dealers, state DMVs and state legislators to address the concerns of those individuals with older vehicles that aren't getting their vehicles repaired.

To highlight our commitment regarding increased recall participation rates, earlier this week the Alliance and Global Automakers sent dozens of letters to key stakeholders in the motor vehicle and auto insurance sector to underscore additional ways they can help inform their

customers when it comes to their auto insurance policy or when they register a vehicle to find out its subject to an open recall.

For instance, the following graphic¹ underscores how easy it would be for auto insurers and State Motor Vehicle Administrators to place an informational message and visual in their policy renewal notices to better inform owners about ways to find out if their vehicles are subject to an open recall and how to get it fixed at no cost to the owner. To underscore the Alliance's own commitment to this effort, we have posted this graphic and corresponding information on our website. In fact, we emphasize the NHTSA website, "SAFERCAR.GOV," as a resource to help both the driving public and the auto insurance industry as we work to close the gap that exists with recall participation rates.

Finally, while vehicles today continue to become ever-safer, we recognize that we live in a society where our industry will need to take additional steps to guard against potential threats that didn't exist just a few years ago. Cybersecurity is a global challenge that every industry must address. Automakers recognize that potential cyber threats are best managed through a proactive collaborative approach. Last year, members of the Alliance and Global Automakers proactively worked to establish an information sharing and analysis center, also known as the Auto-ISAC. The Auto-ISAC is a forum that promotes the voluntary sharing of cybersecurity threat and vulnerability information among its members. The goal of the Auto-ISAC is to increase visibility of cyber threats and contain any potential harm. Just a few weeks ago, the Auto-ISAC expanded its membership to include Delphi, marking the participation of the first of what will likely be a growing number of automotive suppliers in this effort. Similarly, we are continuing to work to add additional participants from the connected vehicle ecosystem. Additionally, members of the Alliance and Global Automakers have produced a Framework for Automotive Cybersecurity Best Practices. We are in the process of expanding on the framework and are committed to making industry best practices a continual on-going effort.

Implementation of the FAST Act

In addition to the efforts outlined in the Proactive Safety Principles, last year's multi-year transportation reauthorization included a host of important motor vehicle safety provisions that will also assist in making our roadways even safer. Foremost is the on-going work by NHTSA to implement the Inspector General's recommendations to improve defect identification. Through the enhancement of the early warning reporting system, as well as an annual priorities report and improvement of NHTSA's research efforts, the federal government should continue to provide meaningful programs and input that improve highway safety.

The auto industry agrees that every vehicle that is under a recall should be repaired. That is why automakers and dealers, through consumer and industry engagement, conducted an extensive study last year into the factors that cause vehicle owners to either repair their

¹ Attachment A - Alliance Recall Notification Graphic

recalled vehicle or not. Through this study, we discovered that while most consumers are aware of the recall, only a fraction of them actually get their vehicle repaired. We also learned that the older the vehicle is the less likely consumers are to have a recall completed.

For these reasons, the auto industry, NHTSA and Congress developed strategies and programs to help address unrepaired recalled vehicles. Through many innovative efforts including, the use of multiple languages for communications, industry partnerships with social media, the development of a department of motor vehicles registration notification grant program and the improvement of government websites, it is our intent to ensure that consumers are aware of the importance of recalled vehicles and get them repaired as quickly as possible.

In fact, just this past week the Alliance and Global Automakers sent letters to the Chairmen and Ranking Members of the House and Senate Appropriations Committees recommending that the FY 2017 Appropriations bill contain funding to support the FAST Act's pilot program for up to six state DMVs to notify vehicle owners at registration or renewal about open safety recalls.

Advanced Driver Assist Systems and Autonomous Vehicles

When we talk about the future of automotive safety, we must also discuss the advancements in crash avoidance technology, driving automation and even the promise of fully autonomous vehicles (AVs). In fact, consumers are already benefiting from Advanced Driver Assist Systems (ADAS) such as forward collision and lane departure warnings, adaptive headlights, blind spot detection, adaptive cruise control and autonomous braking. Through these advancements, research and testing, automakers are helping to improve highway safety, increase environmental benefits and positively improve the future of individual mobility. For example, such changes hold great promise when it comes to individuals who lack access to transportation or cannot afford the cost of vehicle ownership. This issue is particularly of interest to a number of disabled groups as well as older Americans. While many Alliance members have been working on autonomous technologies for years, only recently have certain technologies matured to the point that they could soon be utilized on our nation's roadways. And, as automakers and tech companies race to develop and deploy fully AVs, several hurdles remain.

For example, over the last several years, we have seen a growing interest at the state level to create additional regulations that, while well-intentioned, could hinder the safety advances and mobility options that AVs hold. A potentially conflicting and inconsistent regulatory environment is difficult – if not impossible – for manufacturers to follow, and it has the undesired effect of hindering innovation. With the development of federal leadership and a unified program for all states to follow, automakers can develop and test AVs in a consistent manner.

In 2013, after seeing several states pass laws on AVs, NHTSA put out a "Preliminary Statement of Policy on Automated Vehicles." The report provided a summary of NHTSA's research on AVs along with their impact on safety and provided policy recommendations to states on the operation and testing of self-driving vehicles. In January NHTSA updated this report by

announcing that by mid-year they “will propose best-practice guidance to industry on establishing principles of safe operation for fully autonomous vehicles.” This report, combined with the President’s FY2017 request for \$4 billion over the next 10 years to accelerate the development and adoption of safe vehicle automation, provides reassurance that the federal government is aware of the necessary steps needed to advance the innovative efforts on AVs. Over the coming months, we feel that the work NHTSA is doing to provide best practice guidance to states is needed because of the unique and exclusive role that NHTSA plays when it comes to vehicle safety standards and its overarching authority with respect to motor vehicles. We also welcome the opportunity to work with the Energy and Commerce Committee and the Senate Committee on Commerce, Science, and Transportation when it comes to ensuring that the auto industry’s innovation and safety efforts are realized by the driving public, including any additional clarifications to ensure that such innovations aren’t hindered under the current regulatory structure.

Conclusion

In conclusion, we are at the crossroads of the next generation of automobiles. What we do now will determine the future of automotive safety and mobility. As we continue to develop advanced technologies it is critical that industry and government work collaboratively to find the sweet spot between regulation that protects consumers and promotes innovation. Once again, thank you for the opportunity to testify today and I look forward to working with all of you on the next steps in advancing technology and advanced safety systems within the automotive industry.



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YOUR WIPERS?

Then, don't drive without checking for an

OPEN RECALL

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Select "Search for Recalls by VIN" or sign up for email alerts to receive notices about any future recalls for your particular car or truck.

