

Testimony of John Bozzella

**President and CEO, Association of Global Automakers, Inc. before the
House Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing and Trade
Oversight of the National Highway Traffic Safety Administration**

April 14, 2016

Executive Summary

- Global Automakers members are improving the safety of vehicles on the road today and revolutionizing vehicle travel in the future. As outlined in the Proactive Safety Principles, automakers and the National Highway Traffic Safety Administration (NHTSA) are working collaboratively to improve automotive safety.
- The automotive industry is driving an unprecedented wave of innovation that is redefining transportation. Advancements in connected and automated vehicle technology present enormous opportunities for further improving auto safety and enhancing mobility.
- The federal government, working closely with stakeholders, must quickly expand its leadership role to ensure the development of policies that foster rather than inhibit innovation. Congress and federal regulators should lead a national approach for the regulation of automated and connected vehicles to prevent a patchwork of different state standards.
- Global Automakers urges the federal government to advance the pending rulemaking to mandate connected technology in new vehicles. The deployment of Dedicated Short Range Communications (DSRC) in the 5.9 GHz spectrum band will revolutionize the future of auto safety and transportation by enabling vehicles to communicate with each other and with infrastructure to support safety-critical applications, as well as mobility and environmental applications. The federal rulemaking will expedite deployment and set clear equipment standards that ensure interoperability among all vehicle makes and models.
- Automotive innovation in the automated and connected space is creating tremendous benefits, yet brings with it new challenges that must be addressed. Automakers have launched industry-led initiatives to address these emerging issues because we need to assure consumers that they can safely and reliably benefit from these technological advances, and because we believe that industry-led approaches can provide greater flexibility to respond in this dynamic environment.
- Government and industry stakeholders must work collaboratively to encourage innovation and help realize the benefits that new technologies will bring.

Testimony

Chairman Burgess and Ranking Member Schakowsky, on behalf of the Association of Global Automakers (Global Automakers), I thank you for the opportunity to testify before the Subcommittee today. Global Automakers represents international automobile manufacturers that design, build, and sell cars and light trucks in the United States. Our member companies have invested \$52 billion in U.S. based facilities, directly employing more than 97,000 Americans, and selling over forty percent of all new vehicles purchased annually in the country. Combined, our members operate more than 275 production, design, R&D, sales, finance, and other facilities across the country.

Mr. Chairman, you have convened this hearing to examine a number of important issues regarding automotive safety. Our members are committed to improving the safety of vehicles on the road today and revolutionizing mobility in the future. Automakers are taking the lead in introducing innovative technologies to solve problems. The federal government must provide leadership to create national policy that facilitates the introduction of these technologies and their benefits across the country.

This past January, eighteen automakers and the U.S. Department of Transportation (DOT) joined together to announce a series of initiatives to improve vehicle safety. Known as the Proactive Safety Principles, they build on the important work already underway in the industry to enhance automotive safety. By working collaboratively with DOT and the National Highway Traffic Safety Administration (NHTSA) and leveraging combined resources, we can accelerate the benefits of new technologies and further our shared goal of continuously improving motor vehicle safety. The Safety Principles cover a range of areas from enhancing automotive cybersecurity to improving the safety recall process.

Improving Safety Recall Process

With respect to safety recalls, the industry is working not only to maximize recall completion rates, but also to improve data analysis so that potential defects can be identified sooner. The nature and scope of the recent Takata recalls have brought to light some fundamental questions about the recall process, and the industry is taking a number of steps to address these overarching challenges. Automakers are working urgently to secure alternative suppliers for replacement airbags and inflators, and to employ new methods, beyond federal requirements, to find, inform, and encourage owners to bring their vehicles in for repair. Automakers are also working with NHTSA to share recall remedy best practices and lessons learned to improve recall completion rates across the industry.

Understanding consumer behavior is important in determining which strategies will help to increase recall completion rates. Global Automakers and the Auto Alliance initiated a consumer attitude survey to better understand why roughly one in four vehicle owners who receive a recall notice do not complete the necessary repairs – a service that is provided free to the consumer. Survey respondents indicated overwhelming support for the idea of receiving recall information from their state Department of Motor Vehicles (DMV) offices. In fact, more than 70 percent of the respondents supported not only notification at registration, but also a requirement that recalls be remedied prior to registration. These findings indicate that a requirement to remedy a recall at the point of state vehicle registration could dramatically improve recall remedy rates.

The pilot grant program included in the FAST Act provides an important opportunity to explore how state DMVs can help improve recall repair rates by providing notice of open recalls at the point of registration. Global Automakers has been meeting with state policymakers to promote the pilot program. We also joined with the Auto Alliance last week to send letters to House and Senate Appropriations Committees requesting sufficient funding for this program. Additionally, we have sent letters to the American Association of Motor Vehicle Administrators and the Governors Highway Safety Association encouraging states to participate. NHTSA should issue its Request for Proposal as soon as possible to get this program started.

Complementing the pilot program initiative, we are asking auto insurers for assistance in raising consumer awareness of safety recalls, as they are another important touch point for automobile owners. Insurers should make available to each policy holder – at initial sign-up or policy renewal – information regarding the federal government’s motor vehicle safety recall look up tool at safercar.gov or other means for accessing the recall status of their vehicle. The letter further suggests that insurers consider notifying consumers of open safety recalls involving vehicles covered by the insurance policy.

While we appreciate the concerns of state legislatures about safety recalls, we believe that states should work with the auto industry, federal regulators and other stakeholders to complement the work already underway at the national level. Differing state actions could create a patchwork of narrowly focused bills with inconsistent rules. The Proactive Safety Principles recognize that states, including legislators and motor vehicle administrators, have a seat at the table to develop and implement a meaningful and comprehensive national recall solution.

Vehicle Technology Advancements

Apart from improvements in recall completion rates, the Safety Principles recognize the substantial progress made in auto safety over the past decades and set forth a framework for enhancing highway safety in the future. 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 over the past decade alone. From designs and technologies that provide protection to occupants involved in crashes to vehicle technologies that assist drivers in avoiding crashes altogether, the auto industry has made a significant contribution to motor vehicle safety.

The industry is driving an unprecedented wave of technological innovation that is redefining transportation. Advancements in connected and automated vehicle technology present challenges and opportunities for regulators and for automakers, but our shared goal remains the same – to promote vehicle safety. Drivers are already seeing the benefits of advanced crash-avoidance and mobility features such as automatic emergency braking, lane keep assist, and adaptive cruise control. DOT recently announced their Smart City Challenge to provide up to \$40 million to one city to help it become the country’s first city to fully integrate innovative technologies such as connected and automated vehicles into their transportation network, and received 78 applications in response.

In this dynamic environment, it is important that legislation, regulation or other government actions be considered in a way that is flexible and responsive to changes in technology so that the benefits of connected and automated vehicles can be fully achieved. We must understand not only what policies may be necessary to encourage the safe and widespread development, adoption, and integration of these advanced systems into the fleet, but also whether there are existing policies that unintentionally act as an impediment to innovation.

The integration of advanced technologies will have a profound impact on society, and will require an unprecedented degree of coordination between federal, state and local governments, industry stakeholders and the public. There are distinct roles that each level of government can play in addressing specific issues, but the result should be a consistent, national approach that enables the widespread adoption of technology that improves safety and mobility.

Automated Vehicles

A key national policy objective should be avoiding a patchwork of different federal and state standards for advanced technologies. With respect to automated vehicles, states such as California, Nevada, Florida, and Michigan, as well as the District of Columbia, have already enacted laws that in different ways will impact the way automakers design and develop vehicles. Each of these states has taken a slightly different approach to the issue, even using different definitions of what constitutes an automated vehicle. These differences will present significant challenges to innovation and deployment. For instance, what would happen when an automated vehicle is certified as meeting the design criteria for one state but not another state? Would the vehicle be banned from crossing the state line? Federal policymakers have long recognized the public benefit of having federal motor vehicle safety standards that limit state action and allow

manufacturers to design, produce and sell the same vehicles across fifty states. We believe that the federal government, working closely with key stakeholders, should quickly expand its leadership role to ensure the development of policies that foster and not inhibit innovation.

Connected Vehicles

NHTSA's forthcoming proposed rule to mandate Dedicated Short Range Communications (DSRC) technology for vehicle-to-vehicle communication is an excellent example of the leadership necessary to encourage innovation. A DSRC mandate is critical to the fleet-wide adoption of this game-changing technology as it would ensure that all vehicles are able to communicate with each other using a compatible protocol. Based on the Advance Notice of Proposed Rulemaking, we anticipate that the rule will require specific equipment while providing automakers the freedom to innovate in the development and implementation of applications.

This rulemaking and the underlying technology is a critical building block for future advances in automotive safety and mobility. DSRC technology, supported by the 5.9 GHz spectrum band, enables continuous, high-speed, and authenticated data exchange among moving vehicles and between vehicles and roadway infrastructure or mobile devices (collectively referred to as V2X), to support safety-critical applications, as well as mobility and environmental applications. DSRC-supported V2X applications allow the transmission of messages between vehicles about vehicle speed, heading, brake status, and other information with range capabilities that exceed camera or radar-based systems currently supporting automated features. Additionally, this form of connectivity can facilitate the transition to a more automated fleet.

Private industry and the federal government, in an over ten year partnership, have made major investments to develop and prove DSRC technology and create V2X applications. This technology has already been deployed in vehicles on public roads in Ann Arbor, Michigan. In September 2015, DOT selected three additional locations, New York City, Tampa, and the State of Wyoming, as Connected Vehicle Pilot sites. These sites will deploy DSRC-based solutions in public settings to address pedestrian safety, expressway and urban congestion, and weather events affecting an interstate corridor heavily used by trucks. The New York City pilot will include 10,000 vehicles and hundreds of intersections. In addition, one major auto manufacturer has already announced that it will be introducing DSRC capabilities on one of its models this year.

The Federal Communications Commission (FCC) allocated the 5.9 GHz band for intelligent transportation services covering numerous safety and mobility applications. While deployment of DSRC is moving ahead, a regulatory proceeding is pending at the FCC to consider opening up the band for unlicensed use, which could cause harmful interference to DSRC applications. Any interference would jeopardize the deployment of the latency-sensitive applications designed for

the 5.9 GHz band. While Global Automakers supports the FCC's exploration of spectrum sharing, no decision should be made until it is proven that a sharing proposal will not cause harmful interference to any DSRC applications deployed throughout the band.

Privacy and Cybersecurity

Automotive innovation in the automated and connected space is creating tremendous benefits. Of course, innovation brings with it new challenges that must be addressed. The industry has taken decisive actions in a number of areas. Automakers have launched industry-led initiatives to address these issues because we need to assure consumers that they can safely and reliably benefit from these technological advances, and because we believe that industry-led approaches can provide greater flexibility to respond in this dynamic environment. As Administrator Rosekind has said, regulators and industry must be nimble and flexible to address rapidly changing technologies.

I would like to highlight the industry's efforts in two important areas: protecting consumer privacy and guarding against cyber threats. Automakers proactively took steps in 2014 to establish FTC-enforceable privacy principles to protect consumers' personal information. These principles outline the various types of vehicle and driver information that are collected and how this data is used; they treat personally identifiable information, such as geolocation, driver behavior, and biometric information, with additional heightened protections. All major automakers have committed to putting these standards into practice on all of the vehicles they produce on or after January 2016.

On the cybersecurity front, the auto industry proactively established the Auto Information Sharing and Analysis Center, or Auto-ISAC, to share intelligence on immediate threats and vulnerabilities between industry stakeholders, and did so before any real-world cyber incidents. In addition, Global Automakers, the Auto Alliance, and the Auto-ISAC are currently developing cybersecurity best practices based on the Cybersecurity Principles Framework published by the auto industry in January of this year. This industry-led approach supports the development of built-in cyber protections while at the same time providing flexibility to adapt quickly as the cybersecurity landscape changes. We will continue to provide NHTSA with updates on these developments.

* * *

This is an exciting time for the auto industry as vehicle manufacturers are bringing transformative new technologies to the market. As we move forward, public and private sector stakeholders must work collaboratively to encourage innovation and help realize the benefits that new technologies will bring. Thank you for the opportunity to provide testimony today. I look forward to your questions.