AN UPDATE ON THE TAKATA AIRBAG RUPTURES AND RECALLS

HEARING

BEFORE THE

SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE

OF THE

COMMITTEE ON ENERGY AND COMMERCE

HOUSE OF REPRESENTATIVES

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C O N T E N T S

[1] Mr. Kennedy's answers to submitted questions have been retained in committee files and also are available at *http://docs.house.gov/meetings/IF/IF17/20150602/103546/HHRG-114-IF17-Wstate-KennedyK-20150602-SD005.pdf*.

[2] Mr. Kelly and Mr. Bainwol did not answer submitted questions for the record by the time of printing.

AN UPDATE ON THE TAKATA AIRBAG RUPTURES AND RECALLS

TUESDAY, JUNE 2, 2015

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 2:09 p.m., in room 2123 of the Rayburn House Office Building, Hon. Michael C. Burgess (chairman of the subcommittee) presiding.

Members present: Representatives Burgess, Lance, Blackburn, Harper, Guthrie, Olson, Kinzinger, Bilirakis, Brooks, Mullin, Upton (ex officio), Schakowsky, Clarke, Kennedy, Cárdenas, Butterfield, Welch, and Pallone (ex officio).

Staff present: Leighton Brown, Press Assistant; James Decker, Policy Coordinator, Commerce, Manufacturing, and Trade; Andy Duberstein, Deputy Press Secretary; Graham Dufault, Counsel, Commerce, Manufacturing, and Trade; Melissa Froelich, Counsel, Commerce, Manufacturing, and Trade; Kirby Howard, Legislative Clerk; Paul Nagle, Chief Counsel, Commerce, Manufacturing, and Trade; John Ohly, Professional Staff Member, Oversight and Investigations; Olivia Trusty, Professional Staff Member, Commerce, Manufacturing, and Trade; Michelle Ash, Democratic Chief Counsel, Commerce, Manufacturing, and Trade; Christine Brennan, Democratic Press Secretary; Jeff Carroll, Democratic Staff Director; Elisa Goldman, Democratic Counsel; Meredith Jones, Democratic Director of Communications, Member Services, and Outreach; Adam Lowenstein, Democratic Policy Analyst; and Timothy Robinson, Democratic Chief Counsel.

Mr. BURGESS. I want to welcome Dr. Rosekind to our committee hearing today. The Subcommittee on Commerce, Manufacturing, and Trade will now come to order. The Chair recognizes himself for 5 minutes for the purposes of an opening statement.

OPENING STATEMENT OF HON. MICHAEL C. BURGESS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

So, again, I want to extend my welcome to everyone as we revisit a very serious motor vehicle deficit. Six months ago this subcommittee held a hearing looking at the same issue, and members of the subcommittee were assured that everything was being done, and that testing and expertise were being brought to bear, but there were still a lot of unanswered questions. I was not chairman at that time, but I did sit in on the subcommittee hearing, and I

remember raising the concern that safer does not mean the same thing as safe. Here we are 6 months later, and I was hoping we were getting down the road of safer, but it is still unclear to me how far away we are from safe.

A few weeks ago the National Highway Traffic Safety Administration launched the largest motor vehicle safety recall in our Nation's history due to defective Takata airbags. This recall may impact 13 percent of the country's driving stock, affecting an unknown number of vehicles, and spanning 11 vehicle manufacturers. Since our last hearing, tragically, there has been an additional death attributed to an exploding Takata airbag in my home State of Texas. Every morning I fear I am playing headline roulette waiting for another rupture, another injury, another death. While it has now been confirmed that there is a defect affecting at least six Takata airbag inflators, we don't have any great clarity as to the root cause, and how we will know when we get to that point where we are safe. Clarity and transparency are indeed needed.

One thing that certainly isn't clear is why we are launching this national recall now, instead of almost a year ago, when basically the same information was before us. The American people deserve much better. They deserve to know, when a national recall is announced, if their car part is of the recall. I am repeatedly visited by vehicle manufacturers who lament the challenges of getting drivers to respond to recall notices, especially following a year of record recalls, and an overwhelming sense of recall fatigue. Yet, when we do have the attention of consumers, how is it helpful to tell them that there is a recall, but to check back later to see if you need to do something? NHTSA serves a fundamental and critical role in ensuring vehicle safety. It is critically important that it be part of the solution in every step of the recall process in removing defective vehicles from the road.

The supply of replacement parts is also of concern. I am glad that the agency has—acknowledging that it has a role to play. United States drivers are competing against a global supply chain, and recalls in many parts of the world. I also acknowledge that Dr. Rosekind is still fairly new to NHTSA, and was not yet the administrator at our last hearing. I hope that we will see more action going forward, as this is now direct and timely.

I have serious concerns about where we are in the process. It is inconceivable to me that none of the tests conducted by Takata over the past year on over 30,000 inflators has given us a clearer picture and dictated more direct action. And why is it that we still don't have any deployment testing being done by anyone besides Takata? At what point do we accept that we need to completely eliminate defective inflators and implement a new design, and a new manufacturing process? Are all the driver's side airbag replacements now using different inflator compounds? What is different about the passenger side inflators?

We do have many questions today. The most important question of all, however, does not involve compounds, desiccate O-rings, or moisture. It is simply this, when will we have a plan that can be presented to the public, identifies who is affected, and when they will have a safe, not a safer, but a safe replacement part available? Nothing is more important, and nothing else is acceptable. In the

meantime, the driving public should continue checking their Vehicle Identification Numbers against the NHTSA database to see if their vehicle is affected, and this includes vehicles that have previously been recalled.

[The prepared statement of Mr. Burgess follows:]

PREPARED STATEMENT OF HON. MICHAEL C. BURGESS

Good morning. I want to welcome everyone to our hearing today as we revisit a very serious motor vehicle defect. Six months ago, this subcommittee held a hearing looking at this same issue and the Members were assured that everything was being done and that testing and expertise were being brought to bear. But there were still a lot of unanswered questions. I sat in on that hearing and raised the concern that Safer is not the same thing as Safe.

Six months later, I hope we are getting down the road of safer, but it is still unclear to me how far away we are from Safe. A few weeks ago, the National Highway Traffic Safety Administration launched the largest motor vehicle safety recall in our Nation's history due to defective Takata airbags. This recall may impact up to 13% of the country's driving population, affecting an unknown number of vehicles and spanning 11 vehicle manufacturers.

Since our last hearing, tragically, there has been an additional death attributed to an exploding Takata airbag in my home State of Texas. Every morning I fear I am playing headline roulette waiting for another rupture. While it has now been confirmed that there is a defect affecting at least six Takata airbag inflators, we still don't have any great clarity about what was the root cause and how we know that we are safe going forward. Clarity and transparency are needed.

One thing that isn't clear is why we are launching this national recall now instead of almost a year ago when we had almost the same information before us. The American people deserve much more. They deserve to know when a national recall is announced if their car is part of the recall. I am repeatedly visited by vehicle manufacturers who lament the challenges of getting drivers to respond to recall notices, especially following a year of record recalls and an overwhelming sense of recall fatigue. Yet, when we do have the attention of consumers, how is it helpful to tell them there is a recall but check back later to see if you need to do something. NHTSA serves a fundamental and critical role in ensuring vehicle safety. It is important that it be a part of the solution in every step of the recall process in removing defective vehicles from the road.

The supply of replacement parts is also a concern. I am glad that NHTSA is acknowledging that it has a role to play. U.S. drivers are competing against a global supply chain and recalls in many parts of the world. I also acknowledge that Dr. Rosekind is still fairly new to NHTSA, and was not yet the Administrator at our last hearing. I hope we will see more action from them going forward that is direct and timely.

In that vein, I have serious concerns about where we are in the process. It is inconceivable to me that none of the tests conducted by Takata over the past year on over 30,000 inflators has given us a clearer picture and dictated more direct action. And why is it that we still don't have any deployment testing being done by anyone besides Takata? At what point do we accept that we need to completely eliminate the defective inflators and implement a new design and manufacturing process? Are all the driver side airbag replacements now using different inflator compounds? What is different about the passenger side inflators?

We have many questions today. The most important question of all, however, does not involve compounds, desiccant, o-rings or moisture. It is simply:

When will we have a plan that can be presented to the public that identifies who is affected, and when they will have a SAFE, not safer, but SAFE, replacement part available?

Nothing is more important, and nothing else is acceptable.

In the meantime, the driving public should continue checking their VIN numbers against NHTSA's database to see if their vehicle is affected. This includes those vehicles that have previously been recalled.

Mr. BURGESS. Chair now recognizes—I will be happy to yield to Mrs. Blackburn the balance of the time.

Mrs. BLACKBURN. Thank you, Mr. Chairman, and I want to thank the witnesses for both panels for being here. As Chairman

Burgess has said, this is an issue that we have followed, are continuing to work on, and you are going to see us stay with this issue. The fact that we have these airbag ruptures, that they have caused serious injury and death, is of concern to us. I questioned Takata at the last hearing about a November 19, 2014, New York Times article which noted that engineers at Takata's Moses Lake, Washington, facility had raised serious concern about the use of ammonium nitrate as an airbag propellant. They had done that as far back as 1999, yet they persist with this. Questions persist, and I thank you all for being here for our hearing. I yield back.

Mr. BURGESS. Gentlelady yields back. The Chair thanks the gentlelady. The Chair recognizes Subcommittee Ranking Member Ms. Schakowsky, 5 minutes for an opening statement, please.

OPENING STATEMENT OF HON. JANICE D. SCHAKOWSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Ms. SCHAKOWSKY. Thank you, Mr. Chairman, for holding today's hearing on the Takata airbag recall. The American people deserve to know what went wrong with Takata's airbags, and why it took so long to discover, and how the committee and this Congress will respond to ensure that it never happens again.

Chairman Upton recently remarked about his airbag deploying after hitting a deer and said, "Maybe I am lucky it wasn't a Takata". But at least 34 million Americans aren't so lucky. We have a guest here today, Angelina Zujarta, who was a victim—raise your hand—who was a victim of a Takata air rupture. At least six people have been killed by their airbag. In Angelina's case, it was 3 years ago, she was in a car accident at only 25 miles an hour. Shrapnel from a defective airbag ripped her chest, and we are just very thankful to have her here today. Here is an example of such an airbag that has these holes in it, where the—am I on the wrong side? Here we go. That shows where the shrapnel came out. This is an example—these are examples of these sharp pieces that landed in her chest in two places. These are not the exact ones, but shrapnel like this, and it is very, very dangerous. We need to stop it.

My big concern about this recall is that the root cause really has not been yet determined. We have been told that a combination of factors, including humidity and age, contribute to airbag ruptures, but we don't know whether the flaws in the design, manufacture, installation, or some other aspect of the airbag, which means that we still can't be sure that replacement airbags being installed right now are any safer. Well, this is really dangerous, and we need to know what caused this failure to make sure that it doesn't happen again.

But as we wait for those questions to be answered, there are steps we can take right now to improve vehicle safety. Many of those are included in H.R. 1181, the Vehicle Safety Improvement Act, legislation that I introduced earlier this year, along with my colleague, and several others, Frank Pallone, the ranking Democrat on the full committee. And I am hopeful that my colleagues on both sides of the aisle will join me in this bill. 2014 was the year of the recall. Almost half of all cars on our roads were recalled. GM,

Honda, and other major auto companies failed their customers, and lives were lost as a result. The Vehicle Safety Improvement Act takes valuable lessons from those recalls, and addresses existing weaknesses and information sharing, oversight, and accountability regarding auto safety.

The legislation includes several provisions that would have benefitted consumers whose cars have those faulty airbags. One, the bill would double NHTSA's funding for vehicle safety programs, a priority that has been severely underfunded by this Congress. Two, H.R. 1181 would increase the quantity and quality of information shared by auto manufacturers not only with NHTSA, but with the public, and with Congress. Had more information about Takata airbag ruptures been cataloged and diagnosed earlier, I believe lives could have been saved. Three, the bill would require manufacturers to fix all recalled vehicles free of charge, rather than just those that were purchased within the past 10 years. And Takata has indicated that age of airbags is a contributing factor to ruptures, and many of the vehicles with defective Takata airbags are more than 10 years old. They should clearly be subject to mandatory fixes.

Under the legislation, NHTSA would also have new imminent hazard authority to expedite recalls related to dangers defects. It would eliminate the regional recall program, ensuring that all cars subject to a recall are repaired, regardless of their location. Both of those changes would have improved the speed, scope, and efficacy of the Takata recall.

The ongoing investigation into Takata airbag ruptures may identify additional policies that would limit the risk of similar recall during—in the future. If it does, we should enact them as soon as possible. In the meantime, we can't afford to wait to act on legislation that we know would save lives. It is not just committee Democrats who want action. A who's who of leading consumer and auto safety organizations support H.R. 1181, and I really implore my Republican colleagues to join me in this legislation. I ask unanimous consent that this advocates letter be added to the record.

Mr. BURGESS. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Ms. SCHAKOWSKY. And I am eager to hear answers from our witnesses about what led to this massive failure, how to prevent another one in the future. And in the meantime, we can't delay common sense safety improvements that will save lives. I urge the committee to advance the Vehicle Safety Improvement Act without delay, and I yield back.

[The prepared statement of Ms. Schakowsky follows:]

PREPARED STATEMENT OF HON. JANICE D. SCHAKOWSKY

Thank you, Mr. Chairman, for holding today's hearing on the Takata airbag recall. The American people deserve to know what went wrong with Takata airbags, why it took so long to discover, and how this committee and this Congress will respond to ensure that it never happens again.

Chairman Upton recently remarked about his airbag that deployed after hitting a deer, "maybe I'm lucky it wasn't a Takata."

At least 34 million Americans aren't so lucky. We have a guest here today, Angelina Sujata, who is a victim of a Takata airbag rupture. At least six people have been killed by their airbag—a supposed safety feature.

My biggest concern about this recall is that the root cause has not been determined. We've been told that a combination of factors—including humidity and age—

contribute to airbag ruptures, but we don't know whether the flaw is in the design, manufacture, installation, or some other aspect of the airbag. That means we still can't be sure that the replacement airbags being installed right now are any safer. That isn't just dumb—it's dangerous. We need to know what caused this failure to make sure it doesn't happen again.

But as we wait for those questions to be answered, there are steps we can take right now to improve vehicle safety. Many of those are included in H.R. 1181, the Vehicle Safety Improvement Act—legislation I introduced earlier this year.

2014 was the year of the recall. Almost half of all cars on our roads were recalled. GM, Honda, and other major auto companies failed their customers—and lives were lost as a result. The Vehicle Safety Improvement Act takes valuable lessons from those recalls and addresses existing weaknesses in information sharing, oversight, and accountability regarding auto safety.

The Vehicle Safety Improvement Act includes several provisions that would have benefitted consumers whose cars have those faulty airbags:

• The bill would more than double NHTSA's funding for vehicle safety programs—a priority that has been severely underfunded by this Congress.

• H.R. 1181 would increase the quantity and quality of information shared by auto manufacturers with NHTSA, the public, and Congress. Had more information about the Takata airbag ruptures been catalogued and diagnosed earlier, lives could have been saved.

• The bill would require manufacturers to fix all recalled vehicles free of charge—rather than just those that were purchased within the past 10 years. Takata has indicated that age of airbags is a contributing factor to ruptures, and many of the vehicles with defective Takata airbags are more than 10 years old. They should clearly be subject to mandatory fixes.

• Under the legislation, NHTSA would also have new Imminent Hazard Authority to expedite recalls related to dangerous defects. It would eliminate the regional recall program, ensuring that all cars subject to a recall are repaired, regardless of their location. Both of those changes would have improved the speed, scope, and efficacy of the Takata recall.

The ongoing investigation into the Takata airbag ruptures may identify additional policies that would limit the risk of a similar recall occurring in the future. If it does, we should enact them as soon as possible. In the meantime, we can't afford to wait to act on legislation that we know would save lives.

It's not just committee Democrats who want action. A who's who of leading consumer and auto safety organizations support H.R. 1181 and urge this committee to move it forward without delay. I ask unanimous consent that their letter be added to the record.

I am eager to hear answers from our witnesses about what led to this massive failure, and how to prevent another one in the future. In the meantime, we cannot delay commonsense auto safety improvements that will save lives. I urge the committee to advance the Vehicle Safety Improvement Act without delay, and I yield back.

Mr. BURGESS. Gentlelady yields back. The Chair thanks the gentlelady. The Chair recognizes the gentleman from Michigan, 5 minutes for an opening statement, please.

OPENING STATEMENT OF HON. FRED UPTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. UPTON. Thank you, Mr. Chairman. An airbag is a safety measure that you hope that you never have to use. And if you do need it, you need to have it work exactly right. And yes, I had my own incident, going back for the Memorial Day break in Michigan less than 2 weeks ago. It was dark, it was at night, there wasn't much of a moon, and I was driving at 70 miles an hour when I hit not one deer, but two. I was lucky. The seat belt worked, airbag deployed, just as they were designed. It was a scary moment for anyone, and I remember thinking, you know, I am lucky I didn't have a defective Takata airbag at the time. And then I thought, the safety of your airbag can't be just a game of luck. Being from the auto State, which includes Takata's headquarters in Auburn Hills,

Michiganders understand better than most just how complicated cars are, and how much goes into each and every part. Cars are certainly safer today than ever before. As miles driven, and as the age of the car goes up, deaths and injuries have gone down.

What concerns me today, though, are the multiyear safety investigations where we can identify a problem, but a solution is nowhere in sight, where the preferred approaches are Band-Aids, instead of an effective cure. In these Takata airbags, we have a problem. It has persisted for years. And again we have NHTSA opening up an initial investigation, and closing it, before revisiting it years later. The technology truly is rocket science, but you don't need to be a rocket scientist to see that more needs to be done, and it should have been done a lot quicker. When lives are put in jeopardy, delay is deadly. There wasn't much doubt at our December hearing last year that the airbags were defective, but it still took 6 months to say so.

Dr. Rosekind was not the administrator when we held our last hearing in December, and there has been some—certainly some positive movement of late. Now Takata is changing its formulation of propellant in the replacement on the driver's side, either because someone else is making it, or because they were using improved formulations of their own. But this isn't the case on the passenger side. Instead, they continue to try to perfect an innumerable set of manufacturing variables which, for 10 years or more, have resisted perfection. So we trust that this time the moisture won't get in, and everything else will be just perfect.

Once we have safe replacements, we need people to actually be able to replace them. Recall rates of 15 to 30 percent are unacceptable. We have to understand what the plan is from NHTSA and the automakers. NHTSA will be—for the first time act as a central coordinator. Such a move seems warranted, if not overdue, but we need to clearly understand the plan so that it can be relayed to the public. The messaging around these airbag recalls has been tortured, at best. We need more information, clear information from consumers. I am concerned that NHTSA and Takata decided to release head turning, headline grabbing recall numbers at a time when the information is not yet actionable for consumers. Drivers read about the recall, biggest one in history, but could not look up if their own car was part of the recall, including mine, a week or two after my incident. How does that help safety? Surely a better way exists.

At a time when this committee should be focusing on how to update NHTSA, how to incentivize the rollout of better safety technologies, and how to improve recall take rates, we are instead forced to understand why safety, our very highest priority, seems relegated to the back lot. Testing is overdue. Change is overdue. Safe replacement parts are overdue. Six months ago I asked the question, what should I say to the mom in Michigan who asked me if she and her family are safe behind the wheel? Six months later I, unfortunately, have to ask the same question. We will have as many hearings as needed, and require as much reporting to this committee as needed, to ensure that this problem is finally resolved, restoring the safety of our Nation's roadways and trust of the American people.

[The prepared statement of Mr. Upton follows:]

PREPARED STATEMENT OF HON. FRED UPTON

An airbag is a safety measure you hope you never need—if you do need it, you need it to work exactly right. I had my own incident with an airbag while back in Michigan just two weeks ago. It was in the evening, pitch black, while driving on the interstate at 70 mph when I struck two deer. I was lucky that my seat belt worked and my air bag deployed—just as they were designed. It's a scary moment for anyone and I remember thinking, "I'm very lucky I didn't have a defective Takata airbag." And then I thought, "the safety of your airbag can't be a game of luck."

Being from the auto State, which includes Takata's headquarters in Auburn Hills, Michiganders understand better than most just how complicated cars are and how much goes into each and every part. Cars are safer today than ever before. As miles driven and the age of the car go up, deaths and injuries have gone down.

What concerns me today, though, are multiyear safety investigations where we can identify a problem but a solution is nowhere in sight; where the preferred approaches are band-aids instead of an effective cure. In these Takata airbags we have a problem that has persisted for years. And again we have NHTSA opening an initial investigation and closing it before revisiting it years later.

This technology is truly rocket science. But you don't need to be a rocket scientist to see that more needs to be done and that it should have been done sooner. When lives are put in jeopardy, delay is deadly. There wasn't much doubt at our December hearing that the airbags were defective, but it still took six months to say so.

Dr. Rosekind was not the administrator when we held our last hearing in December and there has been some positive movement of late. Now, Takata is changing its formulation of propellant in the replacements on the driver's side—either because someone else is making it or because they are using improved formulations of their own. But this is not the case on the passenger's side. Instead they continue to try to perfect an innumerable set of manufacturing variables, which for 10-plus years have resisted perfection. Do we trust that this time the moisture won't get in and everything else will be perfect?

Once we have safe replacements, we need people to actually replace them. Recall rates of 15—30 percent are unacceptable. We must understand what the plan is from NHTSA and the automakers. NHTSA will for the first time act as a central coordinator. Such a move seems warranted, if not overdue, but we need to clearly understand the plan so that it can be relayed to the public.

The messaging around these airbag recalls has been tortured at best. We need more information, and clearer information for consumers. I am concerned that NHTSA and Takata decided to release head turning, headline grabbing recall numbers at a time when the information is not yet actionable for consumers. Drivers read about the biggest recall in history, but could not look-up if their car was part of the recall. How does that help safety? Surely a better way exists.

At a time when this committee should be focusing more on how to update NHTSA, how to incentivize the rollout of better safety technologies, and how to improve recall take rates we are instead forced to understand why safety, our very highest priority, seems relegated to the back lot. Testing is overdue. Change is overdue. Safe replacement parts are overdue. Six months ago I asked the question, "What should I say to the mom in Michigan who asks me if she and her family are safe behind the wheel?" Six months later I unfortunately have to ask the same question. We will have as many hearing as needed and require as much reporting to this committee as needed to ensure that this problem is finally resolved—restoring the safety of our Nation's roadways and the trust of the American people.

Mr. UPTON. And I yield back the balance of my time to Mr. Lance.

Mr. LANCE. Thank you, Chairman Upton, and distinguished members of the committee. I telephoned my car dealer last week. I have a 2004 Honda Accord. I did not indicate my title. I just telephoned as a regular and ordinary citizen, and I was told that I will need a new airbag. It seems to me that one of the main purposes of this hearing is to make sure that Mr. and Mrs. John Q. Public are aware of the recall, are able to be informed quickly as to

whether their automobile is affected, one of 34 million inflators recalled, and be confident that the replacement is safe.

During the subcommittee's hearing 6 months ago, Takata's witness indicated extreme reluctance to cooperate with NHTSA's requests for an expanded recall, and I characterized the testimony at that time as tendentious. I am extremely dissatisfied with the company's obstinate attitude during a majority of this process, and I hope that its recent change of heart will be sincere. It occurs, of course, after being fined $14,000 a day. I look forward to discussing this with the distinguished person now in charge, Mr. Rosekind. And, Mr. Chairman, I hope that this will be a hearing of great substance for the American people.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. Chair recognizes the ranking member of the full committee, Mr. Pallone, 5 minutes for an opening statement, please.

OPENING STATEMENT OF HON. FRANK PALLONE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. PALLONE. Thank you, Mr. Chairman. Though it has taken months, I am glad that Takata finally admitted that its airbags are defective, and finally moved forward with national recalls. Getting dangerous cars off the road is crucial. Airbags are supposed to save lives, and not take lives.

But these national recalls came after a full year in which we have seen a rather sloppy rollout of recalls of these exploding airbags. Each automaker seems to have handled the recalls differently. Some automakers conducted regional safety improvement campaigns in high absolute—areas. At the same time, others conducted regional recalls in the same areas. Some automakers expanded their recalls to more States. Some eventually conducted national recalls of certain cars. One automaker advised against passengers using front seats until the airbags are fixed, even offering to disable passenger airbags as a precaution.

All of this has led to considerable confusion for the public. Drivers are unsure if their cars are part of the recall. Those who have already had their airbag replaced do not know if they need to have it replaced again. But most importantly, people do not know if their cars are safe to drive. This is the second hearing this subcommittee has held on the Takata airbag recalls, and our first hearing was 6 months ago, and yet in that time we are still left with many of the same questions. We still do not know the root cause of the Takata airbag defects. We certainly know enough to take action, however. And while I appreciate and share the majority's concerns about this Takata crisis, I am disappointed by its lack of action. Auto safety is not a partisan issue. However, even after the GM ignition switch issues, the Takata airbag ruptures, and even going back to the Toyota sudden acceleration problems, this committee has failed to take appropriate legislative action.

Earlier this year, Subcommittee Ranking Member Schakowsky and I, and of course she mentioned it, with a number of other members of the subcommittee introduced the Vehicle Safety Improvement Act of 2015. Many provisions in our bill would address problems that occurred in the Takata airbag and the GM ignition

switch recalls. I mentioned to Congresswoman Schakowsky that my car—I had a Chevy Impala, I think it was a 2008, I still have it—was, you know, subject to the ignition switch issue. And, you know, I received a notice in the mail, but there was still some confusion, even on my part, as to what this was all about. I was told that until I actually had the opportunity to go to the Chevy dealer that I should separate the two parts of the key from the keychain, or whatever this thing is called. And, you know, I continued to do that, even after the—even after they soldered and fixed the key. And, of course, I had to look up and see if my VIN number was one of the Impalas that had to be recalled. But even in my mind, there is a lot of confusion about, you know, what was being accomplished.

And I think that is why we need legislation. The National Highway Transportation Safety Administration, or NHTSA, has received much of the blame in both the GM recall and this Takata recall, but it is clear that NHTSA simply does not have the resources and authorities it needs to protect drivers and passengers, and to hold automakers and automobile parts suppliers accountable for safety defects. Our bill provides more resources and tools to NHTSA, increasing fines for manufacturers that violate vehicle safety laws. Also, in both cases, automakers and parts suppliers failed to timely produce critical information that may have helped NHTSA identify problems earlier. The bill improves the early warning reporting system by making more reported information public, and requiring manufacturers provide significantly more information about any fatal accident involving a safety defect.

So, Chairman Burgess and Chairman Upton, I appreciate your interest and, you know, what you have said today, in terms of continued oversight of these recalls, but I think that we need to begin our legislative work, and not just talk about more investigations. I hope that we can work together to move forward with a bill to keep our citizens safe on the roads. I yield back.

[The prepared statement of Mr. Pallone follows:]

PREPARED STATEMENT OF HON. FRANK PALLONE, JR.

Thank you, Mr. Chairman. Though it has taken months, I am glad that Takata finally admitted that its airbags are defective and finally moved forward with national recalls. Getting dangerous cars off the road is crucial. Airbags are supposed to save lives, not take lives.

But these national recalls came after a full year in which we have seen a rather sloppy roll-out of recalls of these exploding airbags. Each automaker seems to have handled the recalls differently.

Some automakers conducted regional "safety improvement campaigns" in high absolute humidity areas. At the same time, others conducted "regional recalls" in the same areas. Some automakers expanded their recalls to more States. Some eventually conducted national recalls of certain cars. One automaker advised against passengers using front seats until the airbags are fixed, even offering to disable passenger airbags as a precaution.

All of this has led to considerable confusion for the public. Drivers are unsure if their cars are part of the recall. Those who have already had their airbag replaced do not know if they need to have them replaced again.

But most importantly, people do not know if their cars are safe to drive.

This is the second hearing this subcommittee has held on the Takata airbag recalls. Our first hearing was six months ago. And yet, in that time, we are still left with many of the same questions.

We may still not know the root cause of the Takata airbag defects, we certainly know enough to take action. And while I appreciate and share the majority's concerns about this Takata crisis, I am disappointed by its lack of action.

Auto safety is not a partisan issue. However, even after the GM ignition switch issues; the Takata airbag ruptures; and even going back to the Toyota sudden acceleration problems, this committee has failed to take appropriate legislative action.

Earlier this year, Subcommittee Ranking Member Schakowsky and I, with a number of other members of this subcommittee, introduced the Vehicle Safety Improvement Act of 2015. Many provisions in our bill would address problems that occurred in the Takata airbag and the GM ignition switch recalls.

The National Highway Transportation Safety Administration (NHTSA) has received much of the blame in both the GM recall and this Takata recall. But it is clear that NHTSA simply does not have the resources and authorities it needs to protect drivers and passengers and to hold automakers and automobile parts suppliers accountable for safety defects. Our bill provides more resources and tools to NHTSA, increasing fines for manufacturers that violate vehicle safety laws.

Also in both cases, automakers and parts suppliers failed to timely produce critical information that may have helped NHTSA identify problems earlier. Our bill improves the Early Warning Reporting System by making more reported information public and requiring manufacturers provide significantly more information about any fatal incident involving a safety defect.

Chairman Burgess, I appreciate your interest in continuing oversight of these recalls. But we don't need any more investigation to begin our legislative work.

I hope that we can work together to move forward with our bill to keep our citizens safe on the roads.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. That concludes member opening statements. Chair would remind members that, pursuant to committee rules, all members' opening statements will be made part of the record.

We do want to thank all of our witnesses for being here today, taking the time to testify before the subcommittee. Today's hearing will consist of two panels. Each panel of witnesses will have an opportunity to give an opening statement, followed by a round of questions from members. Once we conclude with the questions on the first panel, we will take a very brief recess to set up for the second panel.

Our first panel today will consist of a single witness, Administrator Mark Rosekind of the National Highway Traffic Safety Administration. Dr. Rosekind, we appreciate you being here today, and you are now recognized for 5 minutes to summarize your opening statement.

STATEMENT OF MARK R. ROSEKIND, ADMINISTRATOR, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Mr. ROSEKIND. Chairman Burgess, Ranking Member Schakowsky, and members of the subcommittee, thank you for the opportunity to provide an update on NHTSA's efforts to address defective Takata airbags. There is a more detailed explanation of our efforts in my prepared statement, but let me summarize what NHTSA has done, and what we are doing. All of NHTSA's actions are focused on achieving one main goal, the only acceptable goal, a safe airbag in every American vehicle.

On May 19 Secretary Fox of NHTSA announced that Takata had filed four defect information reports with the agency, covering an estimated 33.8 million defective airbag inflators that Takata had shipped to automakers. Takata, as an original equipment supplier, does not know into which vehicles those inflators were installed. Prior to the filing, automakers had recalled a total of 18.5 million

vehicles. All of the May 19 filed defect reports involved recalls that are national in scope.

Since May 19, 11 auto manufacturers have been scouring their own records to determine which vehicles are affected. To date, automakers have filed additional recalls, bringing the total to an estimated 30.4 million vehicles. During that May 19 announcement, NHTSA made clear the consumers might have to wait to determine if their vehicles were covered by the expanded recall while automakers made their own recall filings. As you know, Takata's defect filings were a necessary first step before the automakers would initiation their own filings. The automakers' filings contained the detailed make and model information and Vehicle Identification Number, or VIN numbers, that allow individual vehicle owners to determine if they are affected by this recall. Obviously this delay is frustrating, and if there is any way to avoid that anxiety, it would have been done.

In NHTSA's public communications philosophy, and like all of our other interactions, we followed a very simple philosophy, to make information available to consumers as quickly as possible. To that end, NHTSA has established a microsite called Recalls Spotlight. It is located at safercar.gov, and includes key consumer information on recall issues of high public interest. It includes continuously updated information on the Takata recalls. On May 19 and 20, after the DOT NHTSA announcement, more than 1.5 million people conducted VIN lookup searches on safercar.gov, including nearly one million on May 20. On May 19, Secretary Fox also announced a Consent Order with Takata that gives NHTSA oversight into the company's testing, requires its full cooperation with our investigation, and, importantly, gives us the ability to fully evaluate the adequacy of proposed remedies.

It was also announced that NHTSA has launched an administrative process, a coordinated remedy program, to prioritize and coordinate the actions of Takata and the manufacturers. NHTSA is using this authority provided under the Safety Act, and by Congress in the Tread Act, for the very first time. We need to acknowledge Congressman Upton for driving that vision, and working with others to provide a mechanism to address the challenges and circumstances that are now faced in this recall.

Many Americans have asked whether we can trust remedy inflators any more than the defective inflators. NHTSA's Consent Order with Takata, the coordinated remedy program, and NHTSA's own testing, are all essential actions designed to provide full and final answers to that critical question. NHTSA will continue pursuing answers until the American people can have a safe airbag in every vehicle.

There continues to be great interest in establishing the root cause of these defects. While some factors appear to have a role, such as time and absolute humidity, the full story is not yet known, and a definitive root cause has not been identified. In my recent experience as an NTSB Board member, and a veteran of many major transportation investigations, it may be that there is no single root cause, or the root cause may never be known. Secretary Fox addressed this directly on May 19, clearly stating that uncertainty cannot stop NHTSA from acting to protect safety. In

areas of uncertainty, NHTSA must act, focused firmly on our safety mission.

Lastly, whatever the final numbers turn out to be, this may be the largest, most complicated consumer safety recall in our Nation's history. Fixing this problem is a monumental task. It will require tremendous effort from the auto industry. It will also require tremendous effort from NHTSA. And yet the agency must manage this enormous and necessary task with too few people, and insufficient funding. The same people managing the Takata recall must also continue to analyze thousands of consumer complaints, investigate scores of other potential defects, and oversee more than 1,200 other recall campaigns that automakers and equipment manufacturers now have underway. NHTSA must accomplish this task with a defects investigation budget that, when adjusted for inflation, is actually 23 percent lower than its budget 10 years ago.

NHTSA needs your help to protect the safety of Americans on our country's roads. The President has submitted a budget request that would fund significant improvements in NHTSA's defect investigation efforts, providing the people and technology needed to keep Americans safe. The Administration has proposed the Grow America Act, which would provide stable, increased funding for our agency, and important safety authorities to help us in our mission. As proposed, the Grow America Act, and in a recently introduced bill, if imminent hazard authority had been available to NHTSA, this hearing would have a very different focus. At NHTSA we address safety risks every day.

I urge the members of the subcommittee and your colleagues in Congress to help NHTSA address these safety risks and keep the traveling public safe on America's roadways. Thank you.

[The prepared statement of Mr. Rosekind follows:]

Statement of National Highway Traffic Safety Administrator Mark R. Rosekind, Ph.D. before the House Energy and Commerce Subcommittee on Commerce, Manufacturing, and Trade

June 2, 2015

Chairman Burgess, Ranking Member Schakowsky, and members of the Subcommittee, thank you for the opportunity to provide an update on NHTSA's efforts to address defective Takata airbags. The recall of defective Takata airbags may represent the largest national consumer recall in history and it is also one of the most complicated.

First and foremost, airbags save lives. 2,388 lives were saved by frontal airbags in 2013 alone and 39, 866 lives were saved by frontal airbags since 1987. We need to make sure that people trust their airbags. All of our actions are targeted at achieving our goal, the only acceptable goal: a safe airbag in every American vehicle.

On May 19, Secretary Foxx and NHTSA took a significant step toward ensuring that airbags in all vehicles are safe. As part of NHTSA's ongoing investigation, NHTSA announced that Takata, at the agency's insistence, had filed four Defect Information Reports ("DIRs") covering an estimated 33.8 million defective airbag inflators. This action launched national recalls for all of the named airbag inflators and significantly expanded the universe of vehicles with Takata airbag inflators that were subject to recall.

The 11 affected auto manufacturers are currently scouring their records and state registrations to determine exactly which vehicles are affected, and will be providing NHTSA with specific make and model information. As soon as possible, NHTSA will make this information available so vehicle owners will know if they have a vehicle that is under recall. This may take some time, but NHTSA's VIN lookup tool located at Safercar.gov is being updated in real time as this information becomes available. Consumers are strongly encouraged to check their VIN numbers weekly on Safercar.gov to see if their vehicle is included in the expansion. Automakers are legally responsible for informing consumers, via a mailed notice, that their vehicle is subject to a recall. In addition, under the consent order announced on May 19 Takata must within 60 days provide NHTSA with plans for how it, alone and in concert with automakers, will use traditional media, new media and individual contacts to inform consumers and boost completion rates.

On May 19 and 20, after the Department of Transportation/NHTSA announcement, more than 1.5 million people conducted VIN lookup searches on Safercar.gov, including nearly 1 million on May 20 alone. At one point, Safercar.gov was the most visited website in the Federal Government

Understandably, consumers will want to know what this expanded recall means for them and what actions they should take.

If a vehicle has an open recall, consumers should call their dealer to arrange for a replacement airbag as soon as one is available. Because of the size and scope of the recall, a replacement

may not be immediately available. In order to mitigate and control the risk, and to organize and prioritize the availability of replacement airbags, NHTSA is taking steps to coordinate the remedy process among Takata, the auto manufacturers, and other airbag suppliers – something NHTSA has never done before in its history. In the meantime, consumers whose airbags are under recall may continue to drive their vehicles and should stay in contact with their dealers in order to replace their airbag as soon as replacements are available. Consumers may also check with the dealer for a free loaner or rental vehicle, as offered by some auto manufacturers, while they wait for a replacement airbag.

The four defective airbag inflator models and affected automakers included in these recalls are as follows:

Expanded Recalls

The first DIR Takata filed declares a defect in all PSDI, PSDI-4, and PSDI-4K model driver inflators. Five automakers are affected (Honda, BMW, Chrysler, Ford, and Mazda). Takata estimates that this recall covers 17.6 million inflators, 9.7 million of which are already subject to prior recalls and safety campaigns.

The second DIR declares a defect in all SPI model passenger inflators made between 2000 and 2008. Eight automakers are affected (Chrysler, Ford, GM, Daimler Trucks, Mitsubishi, Nissan, Subaru, and Toyota). Takata estimates the recall covers 7.7 million inflators, 2.8 million of which are already under recall.

The third DIR covers PSPI-L model passenger inflators in cars manufactured by Honda and Toyota. Model years vary by automaker. GM is also affected because it sold the Toyota-made Pontiac Vibe. Takata estimates 5.2 million inflators are covered, 1.1 million of which are already under recall.

The fourth DIR covers PSPI model passenger inflators in Honda Accord (Model Year 2003) and Honda Civic (Model Years 2001-2006). Takata estimates this covers 3.3 million inflators, 2.1 million of which are already subject to prior recall.

Coordinated Remedy

To deal with the extraordinary complexity of the Takata recall, NHTSA is using all of the tools at its disposal to prioritize and organize these national recalls, and to ensure the adequacy of the remedy. In addition to the defect notifications, NHTSA has issued a Consent Order to Takata. This Consent Order, among other things, gives NHTSA oversight into the company's testing, requires the company's full cooperation with NHTSA's investigation, and, importantly, gives NHTSA the ability to ensure the adequacy of the remedy so that there will be a safe airbag in every vehicle. Additionally, NHTSA has begun its own testing for oversight and to verify if the remedy is effective.

Fifteen years ago, Congress provided authority in the TREAD Act that gives NHTSA the groundwork to address the challenges and circumstances now faced in this recall. For the first time ever, NHTSA is using this authority, in conjunction with other authority under the Safety Act, to open a coordinated remedy proceeding to prioritize and organize vehicle manufacturers' recall and remedy programs related to the defective Takata airbag inflators. On Friday, May 22, 2015, the Federal Register published NHTSA's notice of intent to open this proceeding. NHTSA will shortly issue a second Federal Register notice and open a docket for public comment on a variety of issues related to the replacement of the airbag inflators. NHTSA will obtain relevant information from any and all sources regarding the availability and implementation of remedy parts and programs in a process that will be public and transparent. NHTSA also plans to hold a series of meetings to collect additional information from Takata, auto manufacturers, and airbag suppliers. It is NHTSA's expectation that this process will provide the necessary data on which to develop a plan to prioritize and organize replacement inflators.

Root Cause

By now, everyone had hoped to have a more clear understanding of the root cause of these airbag inflator failures. There are several factors that, based on incidents in the field and from lab test data, are known to lead to an increased risk of an inflator rupture. Prolonged exposure to persistent levels of high absolute humidity outside the inflator, combined with the effects of thermal cycling, may lead to moisture intrusion in some inflators over time. As a result of moisture intrusion, the propellant wafers in some of the subject inflators may experience an alteration over time, which could lead to over-aggressive combustion in the event of an airbag deployment. Takata is also aware of a potential issue with internal tape seal leaks in some inflators that could also be a source of moisture intrusion. Takata's test results and investigation indicate that the potential for rupturing may also depend on other factors, including vehicle design factors and manufacturing variability.

So while NHTSA's analysis of the data shows that prolonged exposure to hot, humid climates is associated with greater risk, the full story is not yet known and a definitive root cause has not been identified. In my recent experience as a Member of the National Transportation Safety Board, I know there may not be a single root cause, and we may in fact never know the root cause. But Boeing did not wait to find a remedy for the lithium battery in its 787 Dreamliner despite not knowing the root cause of the fire and smoke incidents that grounded the fleet. NHTSA must act to protect the driving public and ensure their airbags are safe.

That is why NHTSA is taking aggressive action to keep people safe on the road now, rather than waiting, perhaps indefinitely, to determine the root cause.

Fixing this problem is a monumental task. It will require much effort from the auto industry and demands extensive effort from NHTSA. Yet the agency must manage this enormous and necessary task with its existing people, technology, and authorities. NHTSA must accomplish

this task with a defects investigation budget of $10.6 million, a figure that, when adjusted for inflation, is actually 23 percent lower than its budget 10 years ago.

We need your support to help us protect the safety of the American traveling public. The President has submitted a budget request that would fund significant improvements in NHTSA's defect investigation efforts, providing the people and technology needed to keep Americans safe. Secretary Foxx has proposed the GROW AMERICA Act, which would provide stable, increased funding for our agency and important safety authorities to help us in our mission, such as raising the maximum civil penalty to $300 million. At NHTSA, we address safety risks every day. In my judgment as a safety professional, NHTSA's lack of resources is a known risk. I urge the members of the Subcommittee and your colleagues in Congress to help us address that risk and keep the traveling public safe on America's roadways.

Thank you for this opportunity to testify and I look forward to your questions.

Mr. BURGESS. Chair thanks the gentleman. We will move into the question-and-answer portion of the hearing. I start by recognizing myself 5 minutes for questions.

And, Mr. Administrator, again, thank you very much for being here. Thank you for making yourself available to me both in person, on the telephone, as you have worked your way through this process. Just so that people are clear, the VIN number that we keep talking about, the Vehicle Identification Number, people could access that number at the lower left hand of their windshield or inside the driver's door?

Mr. ROSEKIND. I hope they are paying attention to you. They can find that VIN in that location, and go to safercar.gov to see if their vehicle is in the recall.

Mr. BURGESS. And that is the Web site, safercar.gov. Now, if someone checked their VIN number and got the all clear on May 1, do they need to do anything further, or are they good to go?

Mr. ROSEKIND. We suggest people check that on a weekly basis.

Mr. BURGESS. You issued the initial recall in the middle part of May. How quickly can people assume that you are getting the uploaded information into your Web site so that, if they check the Web site, they can be confident that the information they get is current?

Mr. ROSEKIND. So—thank you for that question, because clarity for consumers is critical here, and Takata had to file their defect reports before the auto manufacturers could put together their information. And what is clear is we can't just get numbers. They have to be accurate. So they have to do their due diligence, and then we have to do ours. At this point, we have—seven out of the 11 manufacturers have provided the information, which are now covering up to 30.4 million vehicles, but weekly people should be checking.

Mr. BURGESS. So, let me just ask you this, is there anything else that you can do, or we can do, to make certain that this process is clearly and effectively communicated to the driving public?

Mr. ROSEKIND. I think you just did part of it, and we are trying to do the same thing, which is give people safercar.gov, and helping them on a weekly basis go. I do have to acknowledge the auto manufacturers have stepped up and really provided an accelerated production of those numbers, which we are checking, so they are getting up there very quickly.

Mr. BURGESS. OK, but then that brings up the other point, the—their ability to access the remedy inflators. Where do we stand with that, the production and distribution of those remedy inflators? Where are you?

Mr. ROSEKIND. Again, very important for people to understand the whole process. And I won't give the whole list now, but part of what we are—this whole hearing is really addressing is, before May 19, there was denial of a defect. There was mostly a focus on root cause. There was concern about the supply chain, whether the remedy even worked or not. So that all changed on May 19.

Mr. BURGESS. Well, let me stop you there. We are no longer concerned if the remedy works?

Mr. ROSEKIND. I am sorry?

Mr. BURGESS. We are no longer concerned if the remedy works?

Mr. ROSEKIND. We absolutely are, and that is what I am saying. On May 19 the focus changed. There has been acknowledgement by Takata that there is a recall, and they are all national. The second is a Consent Order with NHTSA, which allows us to be directly involved in oversight for testing to make sure that the remedy is going to be adequate or not. And then the third part of that is a coordinated remedy program, which goes to your question, and that is now NHTSA is in the driver's seat, and we will coordinate and prioritize to make sure that the supplies are available, and that they get out there as quickly as possible.

Mr. BURGESS. But just so people are clear, to cut through any of the talk surrounding this, are the replacement devices safe? Not safer, but safe, unequivocally safe.

Mr. ROSEKIND. And thank you, because, again, that is a very important, confusing point. People need to look up their VIN number now, and if they have a recall to go get a replacement inflator, they need to do that. And we have got to point out, there are millions of airbags that are out there every day protecting people, including millions by Takata, that are functioning properly. We are trying to get the defective ones off.

And so, yes, they need to go get it fixed. What we will do is identify if there is an interim remedy, because you are correct, some of these may not have the longevity that is needed to make sure that it is a lifelong, for the entire life of the vehicle, fix.

Mr. BURGESS. So, you know, what am I supposed to do? One of my kids calls me and says, hey, I got a bad VIN number, but good news, they have got a replacement, and I am going to get it fixed. Am I OK with that? Am I OK letting my child drive that car?

Mr. ROSEKIND. And your dealer should be able to tell you whether they have a fix that is long term, or they have an interim remedy. And the bad news is, if there is an interim remedy, you should get a call back from the dealer when it is time to get that fixed for the long term.

Mr. BURGESS. OK. So even someone who gets it fixed may not really have it fixed?

Mr. ROSEKIND. And the dealer better make that clear.

Mr. BURGESS. I just want to ask you one thing quickly. I was being interviewed on a national business show the other—or last week, and they pointed out to me that in New York, I guess is where the show originated, that they called dealers around the town, and they said they were laughed at when they said, can we bring our vehicle in to get our airbag changed, that they did not have a supply.

So I did the next logical thing, and called my local guy who does all things cars back in the district, and he actually provided me some—what I think is some—this was recent information. Number one, no one is reporting any panicked or irate customers as a result of the recall. I do remember a few months ago some dealers were complaining about mad customers. I am going to assume this was when there was no process in place. And only one dealer had a real volume for replacements. Another one had maybe 1,000 that needed to be replaced, but no one was bringing their vehicles in. And that is, and will continue to be, a problem, that people aren't recognizing that their vehicle needs to be fixed.

My time is expired. I will recognize the gentlelady from Illinois, 5 minutes for your questions, please.

Ms. SCHAKOWSKY. I think it is really important, what you said earlier, not all of the VIN numbers are up yet, is that true, so that people need to be checking. They may be driving a—with a Takata airbag that will, and their vehicle may be recalled, but it is not up online right now, right?

Mr. ROSEKIND. That is correct.

Ms. SCHAKOWSKY. OK. So——

Mr. ROSEKIND. We have seven out of the 11 manufacturers——

Ms. SCHAKOWSKY. OK. So people should not necessarily feel secure, but they should just keep checking. I wanted to talk about one of the authorities that would be in the Vehicle Safety Improvement Act, and that would be to give NHTSA more authority itself for recalls. The first known Takata airbag inflator rupture occurred in 2004, May 2004. That was 11 years ago. And months after NHTSA called for national recalls, which was last November, Takata has finally relented, because it is still within their authority to do that. NHTSA currently has no authority to take emergency action, even in cases where defects are known, and there is strong and immediate risk of serious injury or death.

So, Dr. Rosekind, in November of last year NHTSA called for this national recall of certain vehicles with defective driver's side airbags. Takata had refused to conduct the national recall. I know you weren't there at the time, but if NHTSA had had the authority to mandate emergency recalls, do you think the agency—or let me put it this way. Would you have used it, with regard to Takata?

Mr. ROSEKIND. And thank you for the rephrasing. Starting at my confirmation hearing, I made it clear NHTSA will use every tool available. If imminent hazard authority had been available, we would have used it.

Ms. SCHAKOWSKY. Thank you. The—as I said, the—this legislation does allow for imminent hazard authority to recall, and NHTSA has testified before the subcommittee in the past, asking for that authority, so I guess you have already stated, you agree with the need for that authority?

Mr. ROSEKIND. Absolutely.

Ms. SCHAKOWSKY. And would it have been beneficial to NHTSA in carrying out its mission to reduce deaths, injuries, and economic losses resulting from motor vehicle crashes?

Mr. ROSEKIND. Absolutely. And just to highlight, what you are focused on, as an imminent hazard, would have allowed us to get these airbags off the road. And there are still procedures to make sure everything is done transparently, officially, but we wouldn't have been waiting. There could have been lives saved, and people—injuries prevented with imminent hazard authority.

Ms. SCHAKOWSKY. There are a number of other provisions in the Vehicle Safety Improvement Act. It would double the funding for NHTSA. So, first, let me have you comment on that, in terms of the resources that you have to do the job that needs to be done, and—but I think Americans all expect is being done.

Mr. ROSEKIND. At my confirmation hearing in December I highlighted people, technology, and authorities, that we needed to look at those. I got to NHTSA and found out it was more under-

resourced than I had ever imagined from the outside. And since I have been there, we have done everything we are—we can, and will be doing with what we have available to us.

I could give you a list of 29 different things that have already gone on, process improvements, et cetera. At some point you need people and authority to get the job done, and that is a concern. I highlighted, even in December, there are eight people looking at 80,000 complaints coming in, and there are now eight people in the recall group that have to do with this recall, 34 million vehicles, and the other 1,200 campaigns that are going on at the same time.

Ms. SCHAKOWSKY. I think it actually would be helpful to this committee that, if you had additional resources, to tell us exactly how that would be used, and how then it would impact consumer safety. So I would appreciate seeing that.

Mr. ROSEKIND. And I would be happy to do that, because, in fact, in the President's 2016 proposal, we have identified what—our request for enhanced funding. So we could actually talk about a trend analysis division, a special investigation division for defects. We can provide that to you.

Ms. SCHAKOWSKY. I would appreciate it. The legislation that some of us are co-sponsoring, it would increase civil penalties, it would limit—eliminate most statutory maximum penalties to make sure that bad actors have every incentive to get unsafe vehicles off the road. It would also make sure that—it would eliminate what I think is really the farce of regional recalls. Wonder if you could comment on those provisions.

Mr. ROSEKIND. Sure. Just as far as the cap goes, Grow America goes to 300 million, yours has no cap. Clearly the message there is that $35 million is not enough to really get an effect, so anything that gets us to 300 million or beyond would be great. And I think, as far as regional recalls, my perspective is that everything is national.

Ms. SCHAKOWSKY. Good. Thank you. I yield back.

Mr. BURGESS. Gentlelady yields back. Gentlelady's time is expired. Chair recognizes the chairman of the full committee, Mr. Upton, 5 minutes for questions, please.

Mr. UPTON. Thank you, Mr. Chairman. And, again, we welcome your appearance before us, and wish you all the best. I want you to know that I have made an inquiry—I don't know what the Appropriation Committee did with regard to the NHTSA budget, but I am—I will find out soon.

Prior to the May 19 announcement, what efforts did you do to coordinate with the auto manufacturers so that they could identify the VIN numbers impacted by the recall?

Mr. ROSEKIND. And before I go specifically to that, let me just say there were a lot of actions and inactions before May 19, so it has already been raised here that Takata was pressured to go for a national recall, denied any defect. We do have to acknowledge——

Mr. UPTON. We saw that in December back here too, before you were on board.

Mr. ROSEKIND. That is exactly—and the auto manufacturers stepped up to actually take on those recall service campaigns and

other things, even though Takata was denying. So there was some action before that.

Mr. UPTON. So just to use my own little personal experience, I don't do this very often, but with my incident coming back for the—to Michigan for the Memorial Day break, so I did plug in to safercars.com with my VIN number, and I am not sure that we still can determine today it was a Ford Explorer, '06, and I can't really tell today even if it was a Takata airbag, or TRW, or whoever it was. The information was not readily available when I got online last week.

Mr. ROSEKIND. And that is why the information that is coming back at safercar.gov is really just called to get recalled or not. It won't give you the specific——

Mr. UPTON. Yes, it didn't have it on the recall list.

Mr. ROSEKIND. Yes, which means you would be clear if it wasn't there as a recall.

Mr. UPTON. Although I am supposed to be checking every week, is what you are saying?

Mr. ROSEKIND. On a weekly basis. Which, by the way, is a good thing to do anyway because of the number of recalls that are coming out, is just to check that on a regular basis. Airbags aside, that is a good source to have bookmarked for you to go back.

Mr. UPTON. So the auto manufacturers really did step up, then, is what you are saying?

Mr. ROSEKIND. And——

Mr. UPTON. All of them?

Mr. ROSEKIND. And that was to—again, previously, when Takata denied, the manufacturers stepped up to look at recalls and what they could do. To your question specifically, we had contact with them the day before to let them know something was coming related to the defect so they would have a heads up, and since then have been in contact with them about the coordination that is coming forward.

Mr. UPTON. So you and I talked in advance of the announcement. And what is the timetable—what is the goal, the timetable, for completely resolving the issue? Being able to identify which vehicles have these defective airbags, getting them replaced, making sure that the owners are there. What is your hopeful timeframe for this to be resolved, and we can move to the next issue?

Mr. ROSEKIND. At this point, I believe if anybody gave you a number, they don't know what they are talking about. Here is our plan to get there, and that is—we have already initiated contact and had meetings with both the auto manufacturers and suppliers, other meetings bringing all of them together. That will create a plan that will look at the effectiveness of the remedy, the supply, and try—and basically getting to 100 percent recall. We hope to have a public hearing by the fall that will lay all of that out, all three of those elements.

Mr. UPTON. What steps have you taken to, you know, has NHTSA taken to ensure that the propellant safety and evaluation for the integrity of the studies and testing being submitted to NHTSA by various parties? That seems to be a real element here.

Mr. ROSEKIND. Yes. And, again, thank you for highlighting that, because part of the Consent Order actually allows NHTSA to di-

rectly focus the testing, so we can make sure that goes to both the adequacy of the remedy, as well as for root cause. So now we have some direct oversight and involvement with that. Before we were just on the receiving end. Now we can actually direct. And, as you know, everybody was focused on root cause, which is still not determined, nobody focusing on the remedy.

Mr. UPTON. So when someone has one of these defective airbags, they have to replace the whole thing? They can't replace just the propellant, is that right? They have got to take the whole thing out, and put a whole new device in with a different propellant, is that right?

Mr. ROSEKIND. That is correct.

Mr. UPTON. OK. Thank you. Thank you very much for being here. Yield back.

Mr. BURGESS. Chair thanks the gentleman. Chair recognizes the ranking member of the full committee, Mr. Pallone, 5 minutes for questions, please.

Mr. PALLONE. Thank you, Mr. Chairman. On February 20 of this year NHTSA sent a letter to Takata, informing the company that its failure to cooperate with NHTSA's investigation of the airbag defect, as well as Takata's prior knowledge of the defect, would result in fines of $14,000 per day for each day Takata failed to cooperate. By the time those fines were suspended under the Consent Order last month, Takata had been fined about $1.2 million. So, Doctor, how much of the 1.2 million that Takata owes in fines has the company paid to NHTSA?

Mr. ROSEKIND. Basically, with the Consent Order, we made sure that the investigation continues, as well as the potential for future penalties. And so, at this point, nothing has been collected because we are looking at an open investigation with potentially future penalties to be collected.

Mr. PALLONE. So when do you expect that the penalties will actually be paid to the agency?

Mr. ROSEKIND. That could be at any time. And part of that I think will come as the investigation continues. We are focused right now on the safety element of it. As it unfolds there may be need for, again, further penalties, and I am sure that would be part of the package that would be——

Mr. PALLONE. I was going to ask you about further penalties, but you obviously think you do—there is a possibility of additional civil penalties against Takata?

Mr. ROSEKIND. Yes.

Mr. PALLONE. OK. A Reuters article last week cited a source within Takata, explaining that the daily fine was a factor motivating Takata to agree to a national recall, but it still took 3 months of daily fines to get Takata to agree. Are financial incentives an effective means of ensuring compliance amongst manufacturers, in your opinion?

Mr. ROSEKIND. No question. And I think from the earlier question, going from 35 to 300 or no cap is critical. If I can take just a moment, I would highlight that there was the penalty, there was a preservation order, and, frankly, NHTSA was working on a unilateral program to go after this that we made sure was communicated to Takata as well.

Mr. PALLONE. Do you believe that increasing the size of the statutory penalties would have allowed NHTSA to put more pressure on Takata and other automakers and, in turn, to reach an agreement to conduct a national recall sooner?

Mr. ROSEKIND. No question.

Mr. PALLONE. OK. Last year GM was fined the statutory maximum of $35 million for its failed handling of the ignition switch recall. Many regulators and advocates, including Transportation Secretary Anthony Fox, asked Congress to raise or eliminate those statutory maximums in order to send a stronger message to bad actors. I mean, it is impossible to put a price on the cost of a serious injury of a loss of life. No financial penalty or compensation can bring back a family member, but stronger financial incentives can go a long way in deterring manufacturers from hiding defects and not cooperating with Federal investigations.

So, you know, as I mentioned, Congresswoman Schakowsky and others on the committee have introduced the Vehicle Safety Improvement Act, which would not only raise per violation civil penalties, but also eliminate most statutory maximum penalties. So do you believe strong financial penalties would discourage automakers and parts suppliers from hiding possible defects, or incentivize quicker action from manufacturers?

Mr. ROSEKIND. Absolutely.

Mr. PALLONE. All right. And, lastly, I wanted to ask you, would increased fines make automakers more likely to cooperate with NHTSA investigations?

Mr. ROSEKIND. Yes.

Mr. PALLONE. All right. Thank you very much. Thank you, Mr. Chairman.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. Chair recognizes the gentlelady from Tennessee, 5 minutes for questions, please.

Mrs. BLACKBURN. Thank you, Mr. Chairman. And, Mr. Rosekind, I thank you so much for taking your time and being here. Let us go back to your November 18 second special order to Takata, where they were to come to you with information—further information about their propellant mix. And what we would like to know is what you have been given, what you know about that mix, what is the specific use of that mix in the replacement parts, or the remedy parts, as you call them, and in new vehicles?

Mr. ROSEKIND. And I can provide as much technical information as you would like. What you have identified is one of the special orders that actually triggered the daily penalties that started, because we basically had 2.4 million documents dumped on us with all of that information, and tried to understand where the meaningful pieces were. So we have some of the meaningful pieces now identified, and we can certainly bring you as much technical information that was provided.

Mrs. BLACKBURN. Are you satisfied with the information that Takata has provided to you on their propellant mix?

Mr. ROSEKIND. We are still—we are working our way through that information. They have been open about——

Mrs. BLACKBURN. OK.

Mr. ROSEKIND [continuing]. Providing us testing data——

Mrs. BLACKBURN. OK.

Mr. ROSEKIND [continuing]. But the information that you are asking about was millions and millions of pages that have grown to about 2.4, so we are still making our way through that.

Mrs. BLACKBURN. OK. Are they being forthcoming in bringing clarity to that? We want to know what the mix is, the propellant mix is. So are they satisfying the questions that will—that consumers will have when they want to know—this component that is in their vehicle that is to make the vehicle safe now explodes, it causes injury, and the question is, have they arrived at something that is going to make certain that indeed it is safe?

Mr. ROSEKIND. And I would say they will now. That us part of the consent——

Mrs. BLACKBURN. OK.

Mr. ROSEKIND [continuing]. Order, that they are required to provide that information.

Mrs. BLACKBURN. So you are satisfied? I think if you could just have someone from your team provide a summary so that we will have that for the record, that would be helpful to us for future hearings and for legislation.

Also, let me go to the point that was made—back to that December hearing we had, that ammonium nitrate was used as a propellant in the 1990s. And—so what we would like to know, have you all found any evidence of ruptures from the—that occurred in the '90s? And, if not, does NHTSA have any insight into why not?

Mr. ROSEKIND. And that is a good question. Again, I will go back and make sure that that is part of the information that we provide you. What is really important about the Consent Order is we now get to be in the driver's seat to direct this kind of testing. We will be looking at it both historically, and see how that informs what we need to do now.

Mrs. BLACKBURN. OK. We would love to have that as a follow on, if you will, as to what occurred in the '90s, and as you go back and do a revisit of the information that you have, that would be helpful.

One last thing, you mentioned that the auto manufacturers—and Chairman Upton mentioned that they had been doing their part in meeting this. I want to know if you are satisfied with how the dealers are being compensated for this, if they are being made whole. Because if everyone is taking their car in for the replacement, that is a lot of loaner cars, that is a lot of man hours. So would you speak to that?

Mr. ROSEKIND. Actually, I would suggest you ask that of the individuals on the next panel, because we would be focused on that only if it interfered with the recall.

Mrs. BLACKBURN. OK. We are going to ask the next panel that, but I wanted your insight also. And with that, Mr. Chairman, I yield back.

Mr. BURGESS. Chair thanks the gentlelady, gentlelady yields back. Chair recognize the gentleman from Massachusetts, 5 minutes for questions, please.

Mr. KENNEDY OF MASSACHUSETTS. Thank you very much, Administrator. Great for—of you to be here, and I appreciate your service to the country, and your—willing to testify today. I want to touch base with you a little bit. You have heard some of my colleagues

already mention the Vehicle Safety Improvement Act, and I want to touch on that, and particularly the need for safety upgrades for used cars.

Used car sales in March and April of this year reached more than three million cars sold for each month, but purchasers of used cars now face major loopholes when it comes to auto safety. Most do not know it. The Vehicle Safety Improvement Act would take two concrete steps toward making our used car market safer. First, the bill would require the buyer's guide window form to include information about a vehicle's history of damage and recall or repair history. Second, the bill would also prohibit dealers from selling or leasing used vehicles subject to a recall until the dealer has repaired the defects.

So, Dr. Rosekind, I—concerned that consumers have an implicit perception that used cars are safe and free of defect, and that dealers have made all necessary repairs. Is that true, or what light can you shine on that problem?

Mr. ROSEKIND. This is part of the Grow America proposal. It is part of what you are describing, and I guess I just—I can't imagine that you would sell a new car, used, leased, et cetera, if you knew there was a defect involved, not to have it fixed before you put it in somebody's hands. Just seems like we don't have the system working properly.

Mr. KENNEDY OF MASSACHUSETTS. I would agree. So, Doctor, a purchaser of a used car can find some vehicle history information through the National Motor Vehicle Title Information System, but that information is available only if the purchaser knows where to find it, and pays a fee. So do you agree that purchasers of used cars can benefit from knowing that a used car they intend to purchase has been previously junked, salvaged, or marked as a total loss?

Mr. ROSEKIND. Any information that is going to help them determine the safety of that vehicle is going to be useful to that consumer, no question.

Mr. KENNEDY OF MASSACHUSETTS. So the Vehicle Safety Improvement Act requires information from vehicle history report to be made available through the National Motor Vehicle Title Information System to be included in a buyer guide window form. Do you think that is a smart provision to go for?

Mr. ROSEKIND. Every piece of safety information is going to be helpful.

Mr. KENNEDY OF MASSACHUSETTS. Finally, sir, current dealers are prohibited from selling or leasing new vehicles subject to recall unless a dealer makes the necessary repairs, but the same regulation does not apply to used cars, which means that used cars may be sold or leased to consumers with unrepaired defects. The average recall completion rate for vehicles is about 75 percent, meaning that a full 25 percent of all recalled cars are not being repaired. For that Takata airbag recall, the completion rate so far has been much, much lower.

In many of these cases the cars are not being repaired because the current owner of the vehicle doesn't know anything about the recall. So what efforts does—has NHTSA undertaken to increase the awareness of used car buyers and lessees about the potential

safety defects, and what does NHTSA—or what obstacles does NHTSA face in getting this information out to consumers?

Mr. ROSEKIND. I don't think there is any question this is a huge part of the whole system, and we have—Secretary Fox and I have really emphasized finding defects is great, but if you don't get them fixed, doesn't really matter. So we actually held, at the end of April, an event called Retooling Recalls, asking the industry for new ideas, and have set the standard as 100 percent target to get recalls done.

Mr. KENNEDY OF MASSACHUSETTS. So do you agree, then, that the provision of the Vehicle Safety Improvement Act that prohibits the sale or lease of used cars until any defect has been remedied would help increase recall completion rates?

Mr. ROSEKIND. Absolutely.

Mr. KENNEDY OF MASSACHUSETTS. And would it make drivers of used cars safer?

Mr. ROSEKIND. Absolutely.

Mr. KENNEDY OF MASSACHUSETTS. Are there other tools that would help improve the safety of those cars? What would they be?

Mr. ROSEKIND. And I would say, from our even in April, there was a great list of possible things that could be done, and we are looking at all of them. But we had manufacturers come in and talk about some of their new strategies, and there were some new things that only one manufacturer is doing. We need to figure out what NHTSA could do to get those basically across the entire industry.

Mr. KENNEDY OF MASSACHUSETTS. And, Doctor, how can this committee be of any service to you as you try to get that information out?

Mr. ROSEKIND. Frankly, I think the bill that has been introduced and Grow America Act are two of the most critical things right now, as far as our authorities and budget. And then directly there is the budget, which allows us not just people, but the authorities, and other kinds of opportunities.

Mr. KENNEDY OF MASSACHUSETTS. And, briefly, I only have a short period of time left, but if—did I hear you say earlier in your testimony, Doctor, that there were—you had eight staff that were working on this recall of 34 million vehicles, and that same staff of eight people working on 1,200 other recalls?

Mr. ROSEKIND. There are 51 in the Office of Defect Investigations. Eight of them look at the 80,000 complaints that come in. A different eight are handling this recall.

Mr. KENNEDY OF MASSACHUSETTS. But—so eight people——

Mr. ROSEKIND. Correct.

Mr. KENNEDY OF MASSACHUSETTS. OK. Thank you. I yield back.

Mr. BURGESS. Chair thanks the gentleman, the gentleman yields back. Chair recognizes the gentleman from New Jersey, Mr. Lance, 5 minutes for questions, please.

Mr. LANCE. Thank you, Mr. Chairman. Dr. Rosekind, I went online regarding my own situation, and the Web site is safecar.gov?

Mr. ROSEKIND. Safercar.gov.

Mr. LANCE. Spell that out for the public, please.

Mr. ROSEKIND. Thank you. S-a-f-e-r-c-a-r-dot-g-o-v. Safercar.gov.

Mr. LANCE. And it has on it how many millions of VIN numbers?

Mr. ROSEKIND. The total number of VINs I can't tell you specifically. For the Takata right now, we are up to 30.4 million vehicles, seven manufacturers.

Mr. LANCE. And I know you are working as quickly as you can, but at the moment, not all of the VIN numbers are on that site, and I was just lucky that my VIN number had already come up. But you are informing the American people, through this committee hearing, which is being televised across this country, that the American people should go on that Web site frequently?

Mr. ROSEKIND. Weekly.

Mr. LANCE. Weekly? Now, can you estimate, Dr. Rosekind, as to when you might have all of the numbers up on the site? And I know that is a difficult question, and I am just asking, is there a timeframe that you think you might be able to have?

Mr. ROSEKIND. We have seven out of 11, and the manufacturers are working quickly. I would hope within the next 2 weeks we should have that complete data set.

Mr. LANCE. So within the next 2 weeks you——

Mr. ROSEKIND. That is the plan.

Mr. LANCE. Very good. Now, I didn't ask this, because then I called the dealer, and the dealer was very, very cooperative, and said that he thought he would have a new airbag within 1 week to 4 weeks, and did I need a loaner car? But I didn't think to ask, should the American people ask, is this for the driver or for the passenger? And I have no idea at the moment, and perhaps I should, as to whether in my personal situation it is the driver or the passenger. And, as I understand it, in some situations, it is both. Could you enlighten the committee, and through the committee the American people, on that aspect of all of this?

Mr. ROSEKIND. Safercar.gov will tell you what the recall is for specifically. Driver, passenger, both, it will give you that information so you will know what to ask the dealer, don't have to rely—you don't have to rely on the dealer to tell you what needs to be fixed.

Mr. LANCE. And are there situations where there will be the need for a new airbag for both the driver and the passenger in the same automobile?

Mr. ROSEKIND. That could be.

Mr. LANCE. Do the auto manufacturers themselves have the responsibility, I trust, to inform those who have purchased their automobiles of these potential defects?

Mr. ROSEKIND. And they make that information both through safercar.gov, they are the ones who provide us the make and model and VIN numbers, as well as—most of them provide that on their own Web sites as well.

Mr. LANCE. And are they mailing letters to those who own the vehicles?

Mr. ROSEKIND. Yes. There are recall letters that are officially labeled for people to know specifically what is being recalled.

Mr. LANCE. And do you know, Dr. Rosekind, how many of those letters have gone out so far?

Mr. ROSEKIND. That I would have to look into and get back to you.

Mr. LANCE. Thank you. The Wall Street Journal says today, based upon a German study, that there may be at least four factors that could lead to all of this, and the factors include damaged or problematic inflator components, the positioning of the inflator and airbag system in vehicles, prolonged exposure to heat and humidity, and manufacturing variability. Are you now analyzing the new study from the Germans as to whether—what they suggest may be true?

Mr. ROSEKIND. So we are looking—we are both aware of that report, and looking at that, plus there are multiple folks doing testing. You are going to hear from an independent testing coalition of the auto manufacturers. Takata is doing its own. Automakers are doing their own. The Consent Order is going to give us access to all of that data.

And you have just highlighted, last quick comment, why this is so difficult. There are over 10 different configurations of the inflator across all the different makes and models. That is part of the problem with trying to figure out what the root cause has been.

Mr. LANCE. As I understand it, part of this is using batwing shaped wafers inside airbags. Would you, through the committee, explain to the American people what that means?

Mr. ROSEKIND. And that has to do with the shape or design, basically, of the propellant container. And that is a perfect example of the different design configurations that are in over 10 different of these inflators. And that is part of the problem. In fact, there are some Takata airbags in certain manufacturers that have ruptured in some manufacturers', but not other manufacturers', cars.

Mr. LANCE. Thank you, you have been very helpful, and let me say I look forward to the testimony of the second panel. And, Mr. Chairman, I yield back the balance of my time.

Mr. BURGESS. Gentleman yields back. Chair thanks the gentleman. Chair recognizes the gentleman from California, Mr. Cárdenas, 5 minutes for questions, please.

Mr. CÁRDENAS. Thank you, Mr. Chairman. Thank you, Dr. Rosekind, for all of your service, and for answering our questions today. Not only for us, but for the people we represent throughout the country. I am going to start off by talking about the—your administration, to get an understanding of how well we are or are not doing, to make sure you have the resources to protect the American public—or to help protect the American public.

One estimate puts the number of vehicles on U.S. roads in 2014 at about 253 million, which is nearly four million more than the estimate of 2013. Meanwhile, in spite of the growing volume of vehicles, and the increasing complexity of newer vehicles, NHTSA's budget has remained relatively flat over the past few years. The fiscal year 2016 budget appropriation of 837 million continues this trend, coming in more than 70 million short of NHTSA's request.

Dr. Rosekind, do you believe that the stagnant funding for NHTSA, as part of the do more with less culture that has resulted from sequestration, has made it harder for the administration to do its job of keeping unsafe vehicles off the roads?

Mr. ROSEKIND. There is no question, where NHTSA is addressing safety risks every day, that the budget and personnel and authority issues are helping create more risk for us. From my confirmation

hearing, I have identified—we have done, and will continue to do everything internally, process-wise, procedurally that we can to be more effective, but at some point, eight people to look at 80,000 complaints, up from 45,000 the year before, now you are just talking, you know, people that can get the job done.

Mr. CÁRDENAS. Um-hum. Well, I constantly hear—I have been elected to office 18 years at various levels, and I constantly hear some of my colleagues talk about fiscal conservativeness, and talking about how Government needs to operate more like a business. I don't know of too many businesses that responsibly act with eight human beings trying to handle 80,000, you know, moving parts of issues and constituents. That is not efficiency. I think that is—well, it is delinquency, to be honest with. And not delinquent on you, but delinquent on us, the appropriators. I think we need do—to do a better job of protecting the American public, or helping you do your job of helping to protect the American public.

The Office of Defect Investigation, which is responsible for screening and reviewing 40,000 consumer complaints per year, and conducting investigations of possible defects, had 51 full time staff in March of 2014, down from 64 in 2002. NHTSA's fiscal year 2016 budget request includes a request for funds to do—to more than double the number of ODI personnel. Dr. Rosekind, is the 837 million that the House Appropriations Committee approved for the 2016 fiscal year, is it sufficient for increasing the number of ODI personnel?

Mr. ROSEKIND. No. That basically flatlines where we are today. And——

Mr. CÁRDENAS. OK.

Mr. ROSEKIND. And just to inflate that for you appropriately, that 40,000 number was last year. Because of all the attention last year, that number is now 80,000 complaints coming in.

Mr. CÁRDENAS. So that is where we——

Mr. ROSEKIND. Doubled.

Mr. CÁRDENAS. So that is where you get to the 80,000?

Mr. ROSEKIND. Yes, sir.

Mr. CÁRDENAS. Thank you. It is clear that additional funding sources for NHTSA will be critical to ensure the—ensuring the administration can keep drivers and passengers safe. That is why, in addition to new appropriations specifically for NHTSA's vehicle safety programs, H.R. 1181 would authorize a new vehicle safety user fee. This fee would be paid by vehicle manufacturers for each U.S. vehicle certified to be Federal—to meet Federal safety standards, beginning at $3 per vehicle, and increasing annually to $9 per vehicle. But this could potentially generate tens of millions of dollars for NHTSA to spend specifically on safety. Dr. Rosekind, do you think NHTSA would be able to find efficient and effective ways to channel the money raised by such a fee into consumer safety?

Mr. ROSEKIND. No question. And I think, if anything, it is all about the safety mission, I think for the agency, and for me, so you give us more resources, and we will give you more safety.

Mr. CÁRDENAS. OK. And, once again, looking at the numbers, the number of vehicles on American roads is growing, correct?

Mr. ROSEKIND. Yes.

Mr. CÁRDENAS. And, fortunately and unfortunately, when we have better systems of identifying when there is a defect, that means that we are much more aware quicker of how many more, in this case millions, of people need to be notified and coordinated with, et cetera, so that we can actually get them in a safer place, with a product that has been identified as being defective, correct?

Mr. ROSEKIND. No question. We want to move the whole industry to a more proactive safety culture. Early identification means early intervention. Small numbers, we wouldn't be where we are today.

Mr. CÁRDENAS. Um-hum. Well, I think that Americans take it for granted that we do have these systems. Unfortunately, I think that too many Americans ignore the idea that Congress is not doing its job of properly appropriating so that they are safe. Thank you very much.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. The Chair recognizes gentleman from Kentucky, Mr. Guthrie, 5 minutes for questions, please.

Mr. GUTHRIE. Thank you, Mr. Chairman, for recognition. Thank you for being here today, real—appreciate it. I have a question. You mentioned—talking about going to the site and putting in your VIN number, that you have the information from seven of 11 manufacturers. Is there a timeline you think you will have the other four?

Mr. ROSEKIND. That was asked earlier, and our plan is to have that within 2 weeks, if not sooner. The manufacturers are working very quickly.

Mr. GUTHRIE. Uh-huh.

Mr. ROSEKIND. Not just about getting the numbers. It is checking the accuracy, which both they and NTHSA have to do.

Mr. GUTHRIE. So that is the process that is taking—OK. Takata suggested that the particular make and model of a vehicle may be contributing to the inflator defects. Has NHTSA reviewed that analysis and come to some conclusion with that?

Mr. ROSEKIND. And that is part of the problem with the root cause right now. There are not just 10 plus different designs of the inflators, but we are looking at different makes and models, so that is exactly what the difficulty is. There are some Takata inflators in a make and model that has not ruptured. The same Takata inflator in a different make and model might rupture. So when you think about all the different variations you have to look for, that is why it is a challenge right now trying to come to a root cause.

Mr. GUTHRIE. Yes, but earlier in my life I was a certified quality engineer, and so it seems like it is difficult to recreate the problem. I mean, you—it is just—you can't figure out exactly the root cause, I am sort of getting at.

And I was, you know, vehicles last a lot longer than they used to, and people have them for quite a while. And they tell you to change your oil every 3,000 miles, your tires every so many thousand, rotate them. Is there any manufacturer or vehicle out there that has routine maintenance at all on airbags that you know of?

Mr. ROSEKIND. That is a very good question. I don't believe so, but I will get a specific answer for you. And right now the average vehicle is in service for 11.4 years.

Mr. GUTHRIE. Um-hum.

Mr. ROSEKIND. So even many of the statutes that are out there that only go to 10 are surpassed by the vehicles that are on the road now.

Mr. GUTHRIE. So—I mean, obviously people who buy a vehicle expect their airbag to last as long as their vehicle lasts, but, as far as we know, there is not a routine kind of maintenance or check? It is hard to—I mean, it is one of those things it is a destructive test then to check your airbag, and you move forward.

I have a question. Since December 3, the hearing that we had in 2014, how many additional fatalities and injuries? You might have answered that, but I am not sure I heard that when you were speaking.

Mr. ROSEKIND. Specifically we are aware of six worldwide, people that have lost their lives, and at least 100 injured.

Mr. GUTHRIE. And also, Mr. Friedman, you weren't here, testified in December that you were going to hire an expert in propellant and bag production—airbag production within a week of the last hearing. Has that—that has taken place, hasn't it?

Mr. ROSEKIND. Yes, it has, and I have tried to identify—we have at least four people on staff that know airbags quite well——

Mr. GUTHRIE. Um-hum.

Mr. ROSEKIND [continuing]. But now we have someone with particular expertise in the areas we are looking at that has been on staff.

Mr. GUTHRIE. These four people that know airbags, are they part of the eight that you were describing, so they are also looking at the other—as well?

Mr. ROSEKIND. We have three or four staff people that have the expertise, as well as a consultant that is outside that has been added. And the three or four staff people are part of the eight that we——

Mr. GUTHRIE. That you were describing? Well—and—so has there ever been an airbag consultant before on—this is new, I guess, due to this issue?

Mr. ROSEKIND. And this individual was picked specifically because of their expertise on the propellant side. Because, even with the inflator, if you think about design and all the other elements, we are really focused on the chemistry in the propellant.

Mr. GUTHRIE. Well, thank you, and I appreciate you being here. I know we are all here trying to find an answer because of the—even since December 6, and the hundreds of injuries, and we need to get to the bottom of it, and thank you for being here today. And I yield back, Mr. Chairman.

Mr. BURGESS. Gentleman yields back. Chair thanks the gentleman. The Chair recognizes the gentlelady from New York, Ms. Clarke, 5 minutes for your questions, please.

Ms. CLARKE. Thank you very much, Mr. Chairman. I thank our Ranking Member. Dr. Rosekind, thank you for all of your work and testimony here today. NHTSA first asked Takata to conduct a national recall in November of 2014. Takata responded by questioning NHTSA's authority to order the company to undertake the national recall. In a December hearing held by this subcommittee, Takata reiterated its belief that a national recall was unwarranted, al-

though. I should note that many of the auto manufacturers extended the recalls anyway.

Nearly 6 months to the day since the last hearing, we are in a much different place, but also 6 months behind where we should be in getting these dangers airbags out of our cars. Dr. Rosekind, in today's world goods and services cross State lines without a second thought. Our cars have an average lifetime of 11 years on the road, and frequently spend time in all corners of the country during their lifetimes. Given the realities of the world in which we live today, is it possible for NHTSA to guarantee that a regional recall will be sufficient?

Mr. ROSEKIND. Our approach has been—my approach has been to make sure we focus on national recalls, and that was part of the challenge previously, was Takata's denial that there was even a defect. And even though manufacturers stepped up, there was a wide range of patchwork, basically. Service campaigns, some recalls, some regional, some national, it was all over the place. May 19 NHTSA took the driver's seat, and quarter rated—our coordinated remedy will change all of that.

Ms. CLARKE. Yes, I don't think so either. H.R. 1181, the Vehicle Safety Improvement Act, would eliminate the farce of regional recalls by making clear that all safety recalls of motor vehicles and replacement parts must be carried out on a national basis. The bill will also allow NHTSA to prioritize certain parts of the country when the quantity of replacement parts is limited.

Dr. Rosekind, in the past NHTSA has supported regional recalls. Earlier in this hearing you said that, from your perspective, recalls are national. Can I then assume you support this provision of the Vehicle Safety Act?

Mr. ROSEKIND. We are interested in safety for everybody, so we start with a national recall.

Ms. CLARKE. Very well. Takada's written testimony explains that for two of the Takata airbags being recalled, the recall will be regional, and NHTSA will have to order Takada to expand the recalls nationally. Will you commit to expanding all of the Takata recalls nationally now?

Mr. ROSEKIND. And I think it has been interesting to watch peoples' response to those two. Those two passenger airbag inflators are the most problematic, and so that, basically, is trying to ensure that the people at the highest risk get their fix as quickly as possible. If you read those defect reports, it expected that those will be national.

Ms. CLARKE. So that means that we are looking to have a national recall now?

Mr. ROSEKIND. With—yes, with a very specific focus to make sure in those problematic ones we get those high risk people covered as quickly as possible.

Ms. CLARKE. The recalls of Takata airbags began as safety improvement campaigns, and regional recalls in all—only certain parts of the country with high absolute humidity. As NHTSA, Takata and care—car manufacturers learn more about the defect, and as inflator ruptures occurred outside those high humidity areas, the air—automakers each responded differently. Some ex-

panded their recalls to additional States, others expanded recalls nationally, and the information for consumers was hard to find.

It seems to me that the regional recalls in this case only added to consumer confusion. I believe that conducting national recalls from the start, with an allowance for prioritization of placement parts to our most vulnerable geographic areas first would have lessened the consumer confusion in this case.

Dr. Rosekind, do you agree that that rollout of the recalls could have been handled better from the very beginning?

Mr. ROSEKIND. What I am going to do is focus, which Chairman Burgess already said, I think you beat me by a month or so, being in the chairs, and so I can speak to the last 5 months, that we are going after national recalls for these to make sure every American gets a safe airbag in their vehicle.

Ms. CLARKE. I just want to make sure that we learn from this lesson.

Mr. ROSEKIND. Absolutely.

Ms. CLARKE. You know, it is very interesting that, you know, we are trying to reorganize how we do things. If we know from the very outset, then we can administer best practices going forward.

Mr. ROSEKIND. Absolutely.

Ms. CLARKE. Very well. Mr. Chairman, I yield back.

Mr. BURGESS. Chair thanks the gentlelady, gentlelady yields back. The Chair now recognizes the gentleman from the high humidity city of Houston, Texas, 5 minutes for your questions, please.

Mr. OLSON. Thank you, Mr. Chairman, and welcome Dr. Rosekind. Before my questions, I want to put a human face—victim of a defective Takata airbag. His name was Carlos Saliz. He was 35 years old, lived in Spring, Texas, went to Spring High School, loved working with his brothers at Progressive Pumps. He bought a used 2002 Honda Accord, was involved in a minor crash on January 18 of this year. His airbag deployed, supposed to save his life, and took his life. He left behind a wife, Nicole, and three kids, Devon, Alyssa, and Angelina.

His vehicle had a recall notice put out in 2011. He bought the car in 2014. He had no clue that the vehicle may be defective. He fell through the cracks. My question is, how can NHTSA make sure Carlos never happens again? How can we track the ownership of the vehicle with recall notices?

Mr. ROSEKIND. First, thank you for recounting that. Everyone at NHTSA can give you a number. In 2013 there were 32,719 lives lost on our roadways. We know the exact number. Thank you, because you gave—to the six people that have lost their lives worldwide, you gave a name and a face to one of those victims. And I think the concern which has been raised here earlier is that was a person that had a used car that had a recall notice out. And so people are buying used cars, or renting cars that have recalls and defects, acknowledged defects, that are not being fixed beforehand. So we are looking for, through Grow America, the Improvement Act that has been introduced, ways of trying to fix that gap.

Mr. OLSON. Well—as Mr. Case—Kennedy said, make sure that the ownership of the car follows recall notices, because Carlos had no clue that his car was defective. He was driving what he thought

a great vehicle, had been out there since 2002, and gets in a minor accident and dies because his airbag killed him.

I want to talk about—Deputy Administrator Friedman came here in December, and he stated that NHTSA would look into the safety of replacement airbags, the ones replacing. And he said that NHTSA was examining the airbag manufacturers that use the same propellant. My question is, what is the status of those investigations, the new devices and the propellant?

Mr. ROSEKIND. Thank you, because this allows me to highlight the Consent Order that has been signed will allow us to direct testing. Previously that was almost exclusively on root cause. Now we will have an ability to make sure the testing goes to the adequacy of the remedy, right to your question, which is there are a variety of possible solutions, and we need to make sure that testing goes on to examine those, and make sure that the replacements will be effective long term.

Mr. OLSON. Are there other inflators that need to be examined from different models of vehicles?

Mr. ROSEKIND. And thank you. I think, you know, one of the concerns is we do not know the root cause at this point. On the other hand, we do know that there are plenty of inflators that are functioning successfully. In 2013, 611,000 crashes where airbags deployed, so we know they can function, and we know that there are even different versions of Takata airbags that are not rupturing. So that is the good news, is we have other models or examples that can be pursued to understand what to change now.

Mr. OLSON. Final question about fatigue of recalls. I mean, last year the American people have been—with GM ignition switch recalls, massive recalls, Takata airbags out there, all the recalls—with them. I mean, heck, this past year I got a new pickup truck, got a notification from GM that there would be some sort of defect in some sort of sensor, so I had that taken out at the dealership. My question is, do you think there is recall fatigue, and how can we fight the fact that recall, after recall, after recall are hitting the American public, and finally they just say, I am tired of this, I am driving my car, it is fine. So how can we fight recall fatigue? Any ideas?

Mr. ROSEKIND. First of all, I think it absolutely exists, and we held an event in April called retooling recalls, one to readjust. 75 percent may be good, but we have readjusted the target to be 100 completion. And then it was actually fantastic to see the number of manufacturers that are coming up with creative ways. Some manufacturers are actually taking their creative team to help them sell vehicles, and now applying them to the recall.

So they are having special hours, they are having weekends with, you know, things for the kids. Private investigators are going to home to locate these people. A whole list of new ideas, and we are going to try and find a way to make sure everybody in the industry has excess to those—access to those ideas, and actually are following up to take action.

Mr. OLSON. Thank you. About out of time. On behalf of Carlos Saliz, thank you. Yield back.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. Chair recognizes the gentleman from North Carolina, 5 minutes for questions, please.

Mr. BUTTERFIELD. Thank you very much, Mr. Chairman. First let me thank you, Chairman Burgess, for holding today's hearing. I think this is a very important hearing, and hopefully we can get some good information into the record that can have a bearing directly on the issue that we are talking about.

This is an important issue. I am somewhat surprised, Mr. Chairman, to learn that the Takata airbag malfunctions have been linked to areas of high humidity. I am not sure that I really knew that. If I knew it, I didn't fully appreciate it until recently. I represent a very humid district down in North Carolina. Maybe not as humid as the districts are down in Texas, Mr. Chairman, but we are indeed a region that is very humid from time to time.

Though North Carolina is outside the designated high absolute humidity area, one of these airbag malfunctions occurred in my State, causing me a great a deal of worry about the safety and efficacy of airbags manufactured by Takata, and the potential for my constituents to be seriously harmed, or even worse. I also have concerns about what practical impact this recall, and any recall, will have on the rental car market, so I will be concentrating on this aspect during my question time today.

The U.S. rental market is huge, we all acknowledge that. In fact, one study estimates that there were nearly 2.1 million rental cars in service last year. However, despite the scale of the market, Federal law does not require rental car companies to remedy defects in rental cars before renting them to consumers. So a company could rent a car subject to this recall without an airbag that has yet to be replaced.

So, Dr. Rosekind, again, thank you for your testimony. Do you believe that rental car companies should be prohibited from renting a car unless all known recalls and effects—defects have been repaired?

Mr. ROSEKIND. If a defect has been identified, used cars and recalls should be fixed before they are allowed to put keys in consumers' hands.

Mr. BUTTERFIELD. That is just clear as it can be. Do you think that most consumers would assume that a rental car, which may be newer than their own vehicle, is a safe vehicle?

Mr. ROSEKIND. And that is the problem. While we can have this hearing, and talk about getting people for Takata to go to safergov dot—safercar.gov, almost nobody who rents a car or buys a used one will probably ever do that. And that is a gap we have to fill.

Mr. BUTTERFIELD. Yes. Well, I drive a 1995 Toyota and a 2000 Ford Explorer, and all of the rental cars that I rent are much better than my personal vehicles.

Dr. Rosekind, do you think consumers have a right to free loaner cars while their cars are getting repaired? Regardless if consumers are given loaner cars, should there be a requirement that those loaners themselves, before being loaned, have no outstanding recalls?

Mr. ROSEKIND. So thank you for raising that question. It comes up often what people should do, and we are telling people, if there

is concern about their Takata inflator, they should talk to their dealer or manufacturer about a loaner or rental car.

Mr. BUTTERFIELD. Recently Congresswoman Capps and myself introduced a bill that would prohibit a rental car that receives a notification about any defect or non-compliance with Federal motor vehicle safety standards to rent or sell the vehicle unless the defect is remedied. Dr. Rosekind, NHTSA has, in the past, supported similar legislation that prohibits rental car companies from renting vehicles subject to a recall, unless the defect is remedied. As the new NHTSA administrator, do you continue to support this type of legislation?

Mr. ROSEKIND. And the Administration, and Secretary Fox, have done that as well through Grow America, which specifically has both used car and rental car defect issues covered just that way.

Mr. BUTTERFIELD. All right. You are very clear in your responses, and I thank you for the manner in which you responded. Thank you very much, Mr. Chairman. I yield back.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. Chair recognizes the gentleman from Florida, Mr. Bilirakis, 5 minutes for questions.

Mr. BILIRAKIS. Thank you, Mr. Chairman, I appreciate. And thank you, Dr. Rosekind, for testifying today. It is my opinion that the Takata SPI inflator rupture may have been—it is my understanding, anyway, that the—it may have been caused by high humidity. What is the minimum exposure period before an inflator is considered by Takata to be at risk in a high humidity area? And if you have an opinion as to whether it was caused by high humidity, I would like to hear it as well.

Mr. ROSEKIND. I am going to put my NTSB hat on and just say I would be very cautious about saying probable cause at this point, because there is no root cause. But to your question, there is no—there is absolutely data that shows humidity, because of the moisture, can have an effect on the inflator. And we could get into the chemistry, but your main question is what we have seen in the data. Somewhere between 7 ½ to about 12.3 years is where we are seeing that inflator can rupture.

Mr. BILIRAKIS. Thank you. All right. Next question is, I understand that NHTSA is helping prioritize the most urgently needed replacements to various parts of the country that need it most. In theory, this approach would help manage a finite supply, and ensure that the consumers who are most in danger are protected more quickly. But this phased approach does not appear to match with NHTSA's rollout in May 19, which grabbed headlines by covering 34 million vehicles.

My constituents are in a high humidity area, I represent Florida, but it is unclear whether they can now obtain replacement parts, and if not, at which point can they obtain replacement parts in the future? I would like for you to answer that question. Are replacement parts available now in Florida, but maybe not available in New Jersey, and other parts of the country? And, again, are there enough replacement parts available, period?

Mr. ROSEKIND. So first I would say safercar.gov is going to let them know, if they are checking that. They say recall for their vehicle, they need to call their dealer, because they will tell them if

the part is available. For the second part, there is no question that one of the issues that we have with our coordinated remedy program is to make sure that sufficient supply of inflators are available across the country.

Mr. BILIRAKIS. Thank you very much, and Representative Clarke covered the additional questions. So I appreciate it very much, and I yield back.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. Chair recognizes the gentlelady from Indiana, Ms. Brooks, 5 minutes for your questions, please.

Mrs. BROOKS. Thank you, Mr. Chairman. I have to say, when you have testified, Dr. Rosekind, that NHTSA was working hard, or you have testified that—working hard to stamp up some testing facilities of your own so you can verity the work that Takata is doing, it was in your written testimony, can you give us a status update on those validation activities? And is there a new NHTSA testing facility for these airbag inflators? Can you just share with us what is happening with that progress?

Mr. ROSEKIND. And thank you for asking about that, because previously what NHTSA did was arrange to have data available to us, but his now provides us another resource to actually verify the testing, and any testing. So whether it is Takata's, or the independent coalition, we will be able to look at all that.

So we have a facility in Ohio that allows us to do some testing, but because of the inflator rupture, we are talking about ballistic testing. You have got to blow them up and have them rupture. So Batel is helping us do that, and we basically have a plan already outlined. So, as of May 19, that plan is underway. How many have actually been tested by this point, I can't say, but we have our own independent testing being done by an outside laboratory to help us do that.

Mrs. BROOKS. So you are now using—because it required a different kind of testing than you had capabilities for, you are now using an outside tester?

Mr. ROSEKIND. Correct.

Mrs. BROOKS. And do you have any idea how long the testing has been going on, and how is it going?

Mr. ROSEKIND. I will get you specifics. I know the contract with Batel was signed a while ago, and the most important thing was to get a plan, which, as I have tried to emphasize, is not just, you know, we have tried to not just look at the root cause, which is what everyone else—we are now also trying to focus on the remedy. So I can get you information about when that contract was signed, what the plan is, and basically that should tell you what the calendar expectations are as well.

Mrs. BROOKS. Thank you. And—so you have mentioned several times in your testimony today that we may never know the root cause, and the root cause is a problem. And so problems associated with the beta inflators have persisted for years, and it feels as if we are not making any progress in determining the root cause. So, given that, how will we know—how will—be satisfied that you have enough data to determine the adequacy of the proposed remedy if we don't know the original root cause?

Mr. ROSEKIND. So I have often—around NHTSA, even though they wonder why I keep bringing this up, but while I was at the NTSB is when we investigated the 787 Dreamliner Boeing lithium ion battery fire. That was a year investigation, and some people would question whether the root cause was ever discovered. The entire fleet was grounded. And so that required Boeing coming up with a solution without fully knowing the root cause, which was identifying all the potential failure points, engineering a solution to that, testing it, and now they are flying again very quickly.

So we have that possibility, including the fact there are all kinds of airbags, including Takata inflators, that are out there that are not rupturing. So, between those two things, there is an opportunity, without root cause, to still get a solution.

Mrs. BROOKS. So essentially taking your experience form NTSB, and how that would be the proposal that you will use going forward with Takata?

Mr. ROSEKIND. Yes, and let me just add, because I haven't had chance to say this, but you have just raised one of the core questions we have been asking, at least since I have been there in January, is how long do you wait?

Mrs. BROOKS. Um-hum.

Mr. ROSEKIND. So I had been at the NTSB—we couldn't wait a year to come up with an answer or not come up with an answer. So that is part of why we have pushed to basically take the driver's seat to get a focus on the remedy, and the supply, and all the other factors that will make a difference to get that safe airbag in everybody's vehicle.

Mrs. BROOKS. Thank you, and thank you for your work on this. You are right, we can't wait, and so—encourage your persistence in fighting for this. Thank you.

Mr. BURGESS. Chair thanks the gentlelady, gentlelady yields back. Chair recognizes the gentleman from Illinois, Mr. Kinzinger, 5 minutes for your questions, please.

Mr. KINZINGER. Thank you, Mr. Chairman, and, sir, thank you for being here and answering our questions. Most of them have been asked. I just have a couple of ones, so I probably won't take all of my 5 minutes.

But you talk about the coordinated remedy program, what is going to be involved, and when will you have a plan for acting as the central coordinator for the coordinated remedy program?

Mr. ROSEKIND. So—thanks, because that gives me a chance to really focus on the endgame here. I keep talking about NHTSA sitting in the driver's seat, because, up until this point, it was really unclear how this was all going to happen. And so now we have a plan to be meeting with the manufacturers. We have already made contact with them. We will be meeting with suppliers. We will have joint meetings. And our intent, once that plan is together, is to have a public meeting, so there is transparency to the entire plan and schedule. We are hoping for that hearing to occur in the early fall.

Mr. KINZINGER. OK. All right. And who within NHTSA with recall logistics expertise will be leading this coordination, or is this something that you are doing to need to probably contract out?

Mr. ROSEKIND. Actually, right now there is an internal team at NHTSA that is overseeing this, so I have people from the defect/engineering group, a group that is dealing with the legal enforcement issues, and communications. So those three groups have come together to basically provide oversight for the process.

Mr. KINZINGER. And do you believe that they have enough expertise to carry out this process, enough recall logistics expertise?

Mr. ROSEKIND. At this point yes, and I think during our development of a future plan, if we find other resources are needed, I will be the first one to let everybody know to make sure——

Mr. KINZINGER. OK.

Mr. ROSEKIND [continuing]. That we get this done right.

Mr. KINZINGER. So if you don't have it, you would be willing to look at, you know, outside, or whatever you need to get this done right?

Mr. ROSEKIND. Yes.

Mr. KINZINGER. OK. Well, you have answered pretty much all the questions I have, so, with that, I will yield back the 3 minutes remaining.

Mr. BURGESS. Chair thanks the gentleman. Will you yield your remaining time to me?

Mr. KINZINGER. Yes, I will yield it to you.

Mr. BURGESS. I thank the gentleman for that. Mr. Rosekind, as you are probably aware, last night in the Rules Committee we did the rule for the Transportation Appropriations bill that will be on the floor either this week or next week. So, recognizing we were having this hearing today, I asked the Transportation Subcommittee in Appropriations if they would share with me the spending plan submitted to their subcommittee by NHTSA. Every agency and department is required to submit a spending plan to the Appropriations Committee, or appropriate Appropriations Subcommittee, as they do their work, and build the appropriations bills that we will then vote on.

So, I have got to say, what I was given is pretty sparse, so I am going to give you the benefit of the doubt, and if you would like to provide me with the spending plan that you provided to the Appropriations Subcommittee, I would be happy to review it, and review it with you, if you would like. Chairman Upton said—he made reference to the fact that we need to make sure the appropriations are in line. Ms. Schakowsky has talked about that. So, again, I will make this available to you, if it is as written, and that is fine. If you think there is a different spending plan that I should be looking at, I will be happy to do that. And, again, I will be happy to follow up with you. And I do want to stress, you have always been very good about keeping me, as the chairman of the subcommittee, informed about what you are doing, and for that I am very grateful.

I am filibustering just a little bit because Mr. Engel is allegedly on his way here. So let me just ask——

Mr. ROSEKIND. And can I——

Mr. BURGESS. Yes, please.

Mr. ROSEKIND. I want to thank you for that opportunity, because when we—the President's budget has much detail about new——

Mr. BURGESS. Mr. Rosekind, I have got to interrupt you there.

Mr. ROSEKIND. OK.

Mr. BURGESS. The President's budget never gets a single vote. Republican Senate——

Mr. ROSEKIND. Yes, sir.

Mr. BURGESS [continuing]. Or House, Senate, Republican or Democrat, no one would even offer the President's budget up for a vote this year. So that is, you know, I mean, the President—and this is not unique to the Obama administration. President Bush's budgets, when I was here in the majority earlier, frequently those would not pass on the floor of the House and the Senate.

So, sure, the President sends up a wish list that balances never, and, yes, it has got everything funded to a level that would be great, if we lived in a world of unlimited resources, but you are the Administrator. And I have run a business. You understand that, as the Administrator, sometimes you have to prioritize spending, and that is what we really are looking for you to do. That is what we want you to do, just as the same as the director of NIH, just the same as Dr. Frieden at the CDC. We want you to prioritize and spend appropriately. But, again, I will give you the benefit of the doubt. This looks pretty thin to me. I just welcome the chance to go through the spending plan with you.

And then, finally, last year, on a bipartisan basis, this committee requested that the Government Accountability Office review NHTSA's internal structure and procedures to assess the agency's ability to keep pace with advancements in vehicle technology. At the committee's hearing in December, Deputy Administrator Friedman committed to cooperating with the Government Accountability Office's review. Will you reaffirm this commitment to cooperate with GAO in this review?

Mr. ROSEKIND. Absolutely, and we already are.

Mr. BURGESS. I appreciate that very much. Do you have any—OK. At this point we are going to have to forego questions by Mr. Engel, and I apologize. We will get his questions to you in writing, and any member of the committee may have further questions. But, seeing there are no further members wishing to ask questions for this panel, I do want to thank Administrator Rosekind for being here today.

This will conclude our first panel. We will take a brief recess to set up the second panel. Thank you, sir.

[Recess.]

Mr. BURGESS. I will call the subcommittee back to order. Thanks to everyone for their patience, and for taking time to be here today. We will move into the second panel for today's hearing. We are going to follow the same format as the first panel. Each witness will be given 5 minutes to summarize their opening statement, followed by questions from the members.

For our second panel, we want to welcome the following witnesses: Mr. Kevin Kennedy, the Executive Vice President of North America Takata; Mr. David Kelly, Project Director, Independent Testing Coalition; Mr. Mitch Bainwol, President and CEO of the Alliance of Automobile Manufacturers; and Mr. John Bozzella, the Chief Executive Officer of Global Automakers.

We will begin our second panel with Mr. Kennedy. Sir, you are recognized for 5 minutes for your opening statement, please.

STATEMENTS OF KEVIN M. KENNEDY, EXECUTIVE VICE PRESIDENT, NORTH AMERICA, TAKATA; DAVID KELLY, PROJECT DIRECTOR, INDEPENDENT TESTING COALITION; MITCH BAINWOL, PRESIDENT AND CHIEF EXECUTIVE OFFICER, ALLIANCE OF AUTOMOBILE MANUFACTURERS; AND JOHN BOZZELLA, PRESIDENT AND CHIEF EXECUTIVE OFFICER, ASSOCIATION OF GLOBAL AUTOMAKERS

STATEMENT OF KEVIN M. KENNEDY

Mr. KENNEDY. Chairman Burgess, Ranking Member Schakowsky, and distinguished members of the subcommittee, I am honored to be here on behalf of Takata, and our employees throughout the United States. For Takata, safety is the core of who we are and what we do. We are proud that Takata airbags have saved thousands of lives, and prevented serious injuries in hundreds of thousands of accidents. It is unacceptable to us for even one of our products to fail to perform as intended. We deeply regret each instance in which someone has been injured or killed.

We are committed to doing everything in our power to address the safety concerns raised by airbag ruptures. Our chairman has made that commitment personally to Administrator Rosekind, so let me tell you what we are doing. After months of testing, and extensive analysis, we have agreed with NHTSA to take broad actions, in conjunction with automakers, to respond to your concerns, and those of the public. We have recommended dramatically expanded recalls, including national recalls, that go well beyond what is suggested by the science and testing.

Most of the ruptures on the road, and all of the fatalities in the U.S., have involved older Takata driver airbag inflators with batwing shaped propellants—propellant wafers, pardon me, that were originally subjected to previous recalls, and most of those have occurred in the regions of the country with high heat and absolute humidity. Nevertheless, we are proposing expanded national recalls to replace all of these batwing driver inflators, from the start of production through the end of production, in any vehicle registered anywhere in the United States. The recommended recalls will proceed in stages. The final stage will include the replacement of all batwing driver inflators previously installed as remedy parts. Takata will cease producing the batwing driver inflators altogether.

There have been far fewer field ruptures involving passenger airbags. Nevertheless, our agreement with NHTSA also contemplates significantly expanded recalls for passenger airbag inflators, including a nationwide recall for one type of inflator. The recalls for the other passenger inflators will cover specific vehicle models ever registered in the high absolute humidity States, but with the potential, excuse me, for the recalls to expand to other States, if ordered by NHTSA. We will continue to test inflators beyond the scope of the recalls to determine whether further action is appropriate.

For both driver and passenger airbags, all analysis to date indicates that the potentials for rupturing is limited to an extremely small fraction of older inflators. That is not meant to minimize the issue. One rupture is too many. It does explain, however, why Takata's filings state that a safety-related defect may arise in some

of the inflators. Not all of the inflators covered by the proposed recalls are defective.

Based on 50,000 tests to date, and research involving leading experts from around the world, our best current judgment is that the potential for rupture is related to long term exposure over many years to persistent conditions of high heat and high absolute humidity, as well as other potential factors, including possible manufacturing and vehicle specific issues. Nonetheless, we have proposed a broader remedy program. NHTSA will play a central role in overseeing this remedy program. Takata will prepare a plan for NHTSA, outlining steps to help determine the safety and expected service life of the remedy parts. We will also work with NHTSA and our customers to get the word out to consumers to help maximize recall completion rates.

In addition to increasing our own testing, we are actively supporting the testing work of the automakers and NHTSA. We also continue to support the work of the Independent Quality Assurance Panel, led by former Secretary of Transportation Sam Skinner, and we are continually ramping up our production of replacement kits. In December we were producing approximately 350,000 kits per month. We are now producing more than 700,000, and by September we expect our monthly production to reach one million units.

Half of the replacement kits we shipped last month contained inflators made by other suppliers, and by the end of the year we expect that to reach 70 percent. We have confidence in the inflators we are making today, the integrity of our engineering and manufacturing, and we believe that, properly made and installed, these inflators will work as designed to save lives. We will continue to do everything we can to ensure uncompromised safety, and the success of the recall efforts, and we will keep Congress, NHTSA, and the public updated on our progress. Thank you, Mr. Chairman.

[The prepared statement of Mr. Kennedy follows:]

TESTIMONY OF

KEVIN M. KENNEDY

EXECUTIVE VICE PRESIDENT OF NORTH AMERICA
TK HOLDINGS INC. ("TAKATA")

BEFORE THE

HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE

HEARING ON

"AN UPDATE ON THE TAKATA AIRBAG RUPTURES AND RECALLS"

JUNE 2, 2015

TESTIMONY OF
KEVIN M. KENNEDY
EXECUTIVE VICE PRESIDENT OF NORTH AMERICA
TK HOLDINGS INC. ("TAKATA")

Chairman Burgess, Ranking Member Schakowsky, and distinguished Members of the Subcommittee, I am honored to be here today on behalf of Takata and our employees in Michigan, Texas, across the United States, and around the world who are dedicated to making products that save lives.

For Takata, safety is more than an obligation; it is the core of who we are and what we do. We are proud that millions of Takata airbags have inflated properly, preventing thousands of deaths and avoiding serious injuries in hundreds of thousands of accidents. We are also proud of our seatbelts that save lives, the spacesuit materials we make to protect our astronauts, and all the other high-quality products Takata manufactures.

It is unacceptable to us and incompatible with our safety mission for even one of our products to fail to perform as intended and to put people at risk. We deeply regret each instance in which a Takata airbag inflator has ruptured, especially in those cases where someone has been injured or killed.

We understand how important it is to the driving public, Congress, the National Highway Traffic Safety Administration ("NHTSA"), and our automaker partners to address and resolve the safety concerns raised by the airbag ruptures, and we are committed to doing everything in our power to help achieve that goal.

So let me tell you what we are doing.

TAKATA'S AGREEMENT WITH NHTSA

After months of testing and analysis of returned inflators and extensive discussions and collaboration, we voluntarily agreed with NHTSA to take broad actions, in conjunction with the automakers, to respond to the public safety concerns.

This agreement contemplates dramatically expanded recalls—including in several instances ***nationwide*** recalls—encompassing various types of airbag inflators.

The proposed recalls and the related commitments we have made go well beyond the scope of the safety risk suggested by the current science and testing data.

There are two categories of airbags designed to protect vehicle occupants against front-end collisions: ***driver airbags***, located in the center of the steering wheel, and ***passenger airbags***, located in the dashboard. The agreement we reached with NHTSA

contemplates actions to replace several types of both driver and passenger airbag inflators.

I will describe how the agreement addresses each in turn.

Driver Airbag Inflators.

Most of the ruptures that have occurred in vehicles on the road have involved older versions of our driver airbag inflators. These are the driver inflators with the original "batwing-shaped" propellant wafers.

Our proposal is to replace all of these inflators through a national recall.

To date, there have been a total of 67 reported instances in the U.S. of such "field ruptures" involving these "batwing" driver inflators. Fifty-eight (58) of those ruptures occurred in vehicles that were already subject to previous recalls involving identified issues with the pressing of the propellant wafers in some of these inflators.

All of the fatalities and most of the injuries that have occurred in accidents with ruptured airbag inflators in the United States have involved batwing inflators.

To put these incidents in perspective, the 67 reported cases of field ruptures involving the older batwing driver inflators represent approximately 0.0087 percent of estimated total deployments of these airbags, or fewer than 9 failures out of every 100,000 deployments. In addition, most of these field ruptures occurred in regions of the country with high heat and high levels of absolute humidity.

In the past several months, Takata has conducted ballistic tests of more than 12,500 of these driver inflators, and 9 of them have ruptured during testing, or approximately 0.07 percent of the tested inflators. The inflators selected for this ballistic testing include a disproportionate number of older inflators returned from areas of high absolute humidity, so the percentage of failures seen in the testing results is likely to overstate the overall potential for rupture.

Whatever the precise probabilities, these figures show that the fraction of these inflators likely to experience a problem is extremely small. That is not meant in any way to minimize the issue. Even one rupture is too many. And six of the reported field ruptures of these driver inflators have involved fatalities. But these figures do help to put in perspective why Takata's Defect Information Reports ("DIRs") state that a safety-related defect ***"may arise"*** in ***"some"*** of these inflators. ***It is not the case that all of the inflators covered by the DIRs are "defective."***

The pattern of ruptures in areas of high heat and humidity is also consistent with the findings of the scientists that have spent years studying these issues. Takata has

engaged world-renowned experts in energetic systems from Germany's Fraunhofer Institute to conduct research into the root cause of the inflator ruptures and has also consulted with various engineering experts in the United States. We have shared all of that research with NHTSA and the automakers.

Based on this research and our ongoing testing and analysis of returned inflators, Takata's best current judgment is that the potential for rupture is related to long-term exposure, over a period of several years, to persistent conditions of high heat and high absolute humidity. In certain circumstances, these conditions can result in an alteration in the propellant wafers in the inflators that could potentially lead to over-aggressive combustion.

The research of our experts suggests that the potential for this long-term phenomenon to occur was not within the scope of the testing specifications prescribed by automakers or comprehended within the industry's inflator validation practice when the inflators were originally made.

The potential for rupturing may also be influenced by other factors, including the possibility of manufacturing issues, like those identified in earlier recalls.

Notwithstanding the science and testing data suggesting that the problem is focused on a small number of older inflators that have spent years in regions of high heat and absolute humidity, Takata has taken broader action. We have recommended that ***all*** of the batwing driver inflators ***in any vehicle registered anywhere in the United States*** be replaced in national recalls to be conducted by the affected automakers.

The national recalls recommended for these driver inflators will proceed in four stages. In order to prioritize the replacement of inflators where the safety need is greatest, the first stage will target older vehicles that have ever been registered in the Southern States, Hawaii, and territories where the levels of absolute humidity are higher than anywhere else in the country.

But the recalls will not stop there. Subsequent stages of the recalls will target the driver inflators manufactured in later years and vehicles registered in other States outside the areas of high humidity. The recalls will continue until we have replaced all of these driver inflators, from start of production to end of production, and they will include vehicles manufactured by five different automakers—Honda, BMW, Chrysler, Ford, and Mazda. The final stage of the recalls will include the replacement of batwing driver inflators that were previously installed as remedy parts in prior recalls.

Takata has also committed to cease producing these types of driver inflators. And we are working with our automaker partners to transition to newer versions of driver

inflators in our replacement kits or inflators made by other suppliers that do not contain ammonium nitrate propellant.

Passenger Airbag Inflators.

There have been far fewer field ruptures involving passenger airbags: 21 total reported instances in the U.S. to date (of which most occurred in vehicles subject to prior recalls), and none has involved a fatality. Nevertheless, our agreement with NHTSA also contemplates significantly expanded recalls covering several types of passenger airbag inflators.

One of these proposed recalls will be ***nationwide*** in scope. The other two will focus initially on high humidity States, but with the ***potential to expand*** to a nationwide recall if ordered by NHTSA after consideration of additional testing and consultations with Takata and the affected automakers. Specifically:

For one type of passenger inflator, we have recommended a nationwide recall that will proceed in four stages, according to the year the inflator was made. This recall will encompass all of the inflators of this type from start of production through vehicle model year 2008, and it will involve vehicles manufactured by eight different automakers.

The root cause assessment for the potential issue with these inflators includes the long-term exposure to high heat and absolute humidity discussed above, but it also includes the possibility of a manufacturing issue.

This type of passenger inflator has been involved in eight (8) reported field ruptures in the U.S., which represents approximately 0.004 percent of estimated deployments. While it has ruptured at a higher rate in Takata's ballistic testing (approximately 0.9 percent out of more than 5,900 tested), all but two of the test ruptures to date have involved inflators returned from high absolute humidity States. The two exceptions were inflators manufactured on the same day, which suggests the possibility of a discrete manufacturing issue.

Takata has committed to continue testing this type of inflator from later model years and to share this test data with NHTSA, in order to monitor whether additional action may be appropriate.

For two other types of passenger inflators, Takata has recommended recalls focused on particular models and model years of vehicles manufactured by certain automakers. The recalls will initially cover the relevant makes and models of these vehicles in Florida, Texas, and the other high absolute humidity States and territories. But there will be the potential for these recalls to expand later to other States and

potentially nationwide if NHTSA finds that the results of further testing show the need for an expansion, after consultation with Takata and the affected automakers.

The scope of the recalls recommended for these last two types of passenger inflators tracks the results of Takata's testing and analysis. While there have been 13 reported field ruptures of these inflators, representing approximately 0.0055 percent of estimated deployments, all have involved vehicles of the specific makes and models covered by our DIR and all were in vehicles that had spent years in the areas of high absolute humidity.

In addition, Takata's ballistic testing of these two inflator types has shown elevated rates of test ruptures for these inflators when returned from the areas of high absolute humidity and from the particular models covered in the DIR, and no test ruptures for the same types of inflators in other circumstances. These results show the clear importance of long-term exposure to an environment of high heat and absolute humidity. But they also indicate that something about the particular makes and models of these cars appears to be correlated with the potential for these inflators to rupture.

Takata has committed to NHTSA that we will continue to test these types of passenger inflators from other vehicles and from other States to help determine whether the scope of these recalls should be expanded.

IMPLEMENTING THE RECALLS

The Consent Order that we have agreed to with NHTSA makes clear that NHTSA will play a central role in overseeing the organization and implementation of these proposed recalls. NHTSA will convene meetings involving Takata and all of the affected automakers to organize and coordinate the staging of the recalls, so as to ensure that the remedy is appropriately prioritized to those vehicles where the public safety need is most immediate.

The Consent Order also requires Takata, after consulting with the automakers, to prepare a plan for NHTSA's approval that outlines the steps Takata will take, both on its own and in conjunction with the affected automakers, to maximize recall completion rates and to carry out further testing of inflators to help determine the safety and appropriate service life of the remedy inflators.

Because the recalls will only succeed if consumers bring their cars in for repair, we have committed to working with NHTSA and our customers to help inform consumers about the risks associated with some inflators, and to urge them to respond in a timely fashion to the recalls that are being implemented.

To this end, we are in the process of developing a proactive advertising campaign for NHTSA's approval that would be designed for implementation in conjunction with the automakers, in order to reach greater numbers of vehicle owners and help to ensure that the recall fulfillment rates will be as high as possible.

ADDITIONAL MEASURES

Let me say a bit more about Takata's extensive testing program and our ramped up production of replacement kits to address the needs of these recalls.

Since the hearing in December, we have continued to advance our investigation into the root cause factors associated with the inflator ruptures. We have performed ballistic tests on close to 50,000 inflators since September of last year, and that testing and analysis is ongoing. We also have performed live dissections, propellant analysis for moisture, chemical analysis, leak testing, and CT scanning.

We continue to fully support efforts by David Kelly and the automakers to do additional testing and analysis. And we welcome NHTSA's decision to do its own testing, as well as to coordinate with us on our testing.

In addition to supporting these ongoing testing efforts, we are continuing to support the work of the independent Quality Assurance Panel, led by former Secretary of Transportation Samuel K. Skinner, to ensure that best practices are in place for the production of safe inflators. We are committed to adopting the recommendations his panel puts forth, and sharing the findings of the report with you and with the public.

Since December, we also have substantially ramped up our production of replacement kits to fulfill automaker orders. In December, we were producing approximately 350,000 kits per month. In May, we produced approximately 700,000 units. By September, we expect to be producing 1 million per month. That is the capacity that is primarily directed to production for the U.S. market.

And we continue to work with other inflator suppliers to further increase production of replacement inflators to meet anticipated demand. In fact, half of the replacement kits we shipped to our automaker customers in May contained inflators made by our competitors. By the end of the year, we expect that number to reach approximately 70 percent. As of today, only one driver airbag replacement kit is on back order, and we will have that remedied in two weeks.

CONCLUSION

In closing, I want to emphasize that we have confidence in the inflators we are producing today. We have confidence in the integrity of our engineering and our current

manufacturing processes. We believe that, properly manufactured and installed, these inflators will work as designed to save lives.

Of course, we know that the proof is in the data, and that is why we have enlisted the assistance of the Quality Assurance Panel and why we have agreed with NHTSA to conduct ongoing testing, including of our remedy parts.

We will continue to do everything we can to ensure uncompromised safety for our customers and the success of the recall efforts, and we will keep Congress, NHTSA, and the public updated on our progress.

Thank you, Mr. Chairman.

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Mr. BURGESS. Chair thanks the gentleman. Mr. Kelly, recognized for 5 minutes for your opening statement, please.

STATEMENT OF DAVID KELLY

Mr. KELLY. Chairman Burgess, Ranking Member Schakowsky, members of the subcommittee, thank you for the invitation to appear before you to discuss the activities of the Independent Testing Coalition. The ITC is comprised of 10 automakers that have Takata airbags in their passenger vehicles, and is committed to an independent and comprehensive investigation of the technical issues associated with Takata airbag inflators, and look forward to the results of this process as we focus on the safety, security, and peace of mind of all motorists. Our primary goal is to find the root cause of this problem.

As we have started to look at this issue of energetic disassembling, it is apparent that there is no silver bullet or easy solution to be found. The public needs to understand that experts have been studying this problem for years. If this was anything but the complex project that it is, a root cause would have been identified by now. Unfortunately, that is not the case, and a final determination is not imminent.

We have devised a detailed testing plan that, when completed, will examine every identified aspect of this problem. We will conduct more—we will conduct tens of thousands of chemical tests alone. This will be supplemented by a similar number of non-destructive tests, and many thousands of advanced computer simulation runs. In addition, there will be a significant amount of data generated from our tests that then must be analyzed. This issue is too important for any stone to be left unturned.

I do want to stress that we intend to conduct our investigation in an independent manner. We will work with Takata, we will work with NHTSA, we will work with all the affected parties, but we will conduct this investigation in an independent manner. We very much appreciate any input and suggestion from all the parties, but we will do our own analysis of others' data and testing procedures. When we finish our investigation, we do intend to make our findings public. Thank you.

[The prepared statement of Mr. Kelly follows:]

Testimony of David Kelly, Project Director
Independent Testing Coalition
House Energy and Commerce Committee
Commerce, Manufacturing and Trade Subcommittee
June 2, 2015

Thank you for the invitation to appear before the committee to discuss the activities of the Independent Testing Coalition (ITC). The ITC is comprised of the 10 automakers that have Takata airbags in their passenger vehicles - BMW, Chrysler/Fiat, Honda, Ford, GM, Mitsubishi, Mazda, Nissan, Subaru and Toyota. The ITC is committed to an independent and comprehensive investigation of the technical issues associated with Takata airbag inflators and look forward to the results of this process as we focus on the safety, security and peace of mind of all motorists. Our goal is to find the root cause of this problem. ITC members support a scientific, engineering analysis, and will not pre-judge the process or its outcomes. While it is important to identify the root cause of issues with Takata airbag inflators as quickly as possible, it is more important to get the answer right.

The ITC has engaged Orbital ATK to conduct the engineering analysis for this project. OATK is a renowned firm with expertise in propellants and significant experience with rocket launchers and NASA. This review is underway. They are not your traditional industry firm or consultant and do not have a pre-conceived notion as to a final outcome. The staff at Orbital ATK has extensive investigatory experience and is the right team to conduct this investigation.

As we have started looking at this issue of energetic disassembly, it is apparent that there is no silver bullet or easy solution to be found. The public needs to understand that experts have been studying this problem for years. If this was anything but the complex project that it is, a root cause would have been identified by now. Unfortunately, that is not the case and a final determination is not imminent.

We have devised a detailed testing plan that, when completed, will examine every identified aspect of the problem. We will conduct more than 10,000 chemical tests alone. That will be supplemented by a similar number of non-destructive tests and many thousands of advanced computer simulation runs. In addition, there will be a significant amount of data generated from our tests that then must be analyzed. This issue is too important for any stone to be left unturned.

We have had a very open and honest dialogue with both NHTSA and Takata during the past few months. As we get further into this process, it is imperative that we continue that relationship and share data and information. However, I want to stress that we will conduct our investigation in an independent manner. We very much appreciate any input and suggestions from all parties, but rest assured, we will do our own analysis of others data and testing procedures. When we finish our investigation, we will make our findings public.

I would like to conclude by stressing that we should not let the safety benefits of airbags get lost in this discussion. As Administrator Rosekind said recently, airbags save lives. Motorists affected by the recall should continue to drive their cars until they can be fixed and that consumers should get their cars fixed as soon as possible.

Mr. BURGESS. Chair thanks the gentleman. Chair recognize Mr. Bainwol, 5 minutes for your testimony, please.

STATEMENT OF MITCH BAINWOL

Mr. BAINWOL. Chairman Burgess, Ranking Member Schakowsky, members of the subcommittee, thanks for this opportunity. On behalf of the 12 leading global—on behalf of 12 leading global OEMs, including the U.S. companies, and nine European and Japanese-based companies, I appreciate this opportunity to testify. I would like to make four summary points. First, your hearing today is timely and welcomed, and we are fully committed to doing our part to successfully complete this recall, while continuing to build on the very significant safety advances of recent years. The magnitude of the Takata airbag recall is unprecedented and global. There are no easy answers, or quick fixes. That is why we support Administrator Rosekind's decision to use NHTSA authority to organize and prioritize affected manufacturers remedy programs. We all want a clear, unified approach. We share this committee's frustration. It is very difficult for us to be able to tell our customers, your constituents, how long this will take to be fully resolved.

Second, though the logistics in a global economy with about 80 million units sold each year around the world are highly complex, and there are legal impediments to the industry-led coordination, the key challenge of most recalls is more basic, and that is getting consumers to take advantage of the free fix, especially in order vehicles. The average consumer participation rate for light vehicle recalls after about a year and a half is 83 percent for newer vehicles, but falls to 44 percent for vehicles 5 to 10 years old, and falls further to 15 percent for vehicles older than 10 years.

Because of these concerns, our members have tasked the alliance to conduct the most intensive public opinion research ever on recalls to learn what motivates some consumers to respond, and why others don't, what motivates consumers to go into the dealership and get it done, what messages work, and what messengers are most effective. Work is underway now, and we will share the results with NHTSA and you to help forge a multi-pronged effort to strengthen consumer participation.

Third—context. Recall policy is vitally important, and we are committed to strengthening the process for resolving defects. That said, it is just one piece of the safety equation, and, as a share of fatalities on the road, a relatively fractional one. Most fatalities, certainly 90 percent plus, result from human error, principally impaired driving, and failure to sue seat belts. While we are seeing profound gains in safety over the last 50 years, and especially over the last decade, technology does offer the promise of even greater advances as we build on crashworthiness, and introduce the idea of crash avoidance functionality. All the new jargon we hear, driver assist, V to V, V to X, and ultimately self-driving vehicles, are part of a continuum that thankfully will save thousands of lives by helping to compensate for driver error. This isn't speculation. This is our emerging reality.

Fourth, and finally, let me state the obvious. OEMs are passionately committed to improving safety, and we are very proud of the results we have achieved, both because it is the right thing to do,

and because it is good business. Safety innovation is critical to the competitive landscape. Auto companies are investing about 100 billion, billion with a B, every year in research and development to comply and to compete, to comply with a various—with various public policy requirements in the U.S. and elsewhere, and to compete in the globally dynamic marketplace. That investment is paying off, and our polling shows that your consumers, that your customers, your constituents, do see the progress. Relative to 10 years ago, your constituents say cars are safer by 86 to 5 percent, they get better fuel economy by 89 to 3 percent, and they are of higher quality by 79 to 12 percent, so the progress is being recognized, and that is terrific.

Thanks for the opportunity to share our thinking. We stand ready to work with you, and your staffs, to make our roads as safe as possible.

[The prepared statement of Mr. Bainwol follows:]

AUTO ALLIANCE

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STATEMENT

OF

THE ALLIANCE OF AUTOMOBILE MANUFACTURERS

BEFORE THE:

SUBCOMMITTEE ON COMMERCE, MANUFACTURING AND TRADE

OF THE COMMITTEE ON ENERGY AND COMMERCE

"AN UPDATE ON THE TAKATA AIRBAG RUPTURES AND RECALLS"

JUNE 2, 2015

PRESENTED BY:

MITCH BAINWOL

PRESIDENT & CEO

EXECUTIVE SUMMARY

On May 19, 2015, Takata announced that a defect exists in some of its airbag inflators and agreed to a national recall of certain types of frontal driver and passenger side air bag inflators used in 11 manufacturers' vehicles. The action expands the number of vehicles to be recalled for defective Takata inflators to nearly 34 million. The manufacturers were provided with a list of affected inflators after the announcement and are working to identify precisely which vehicles will be included in the recall.

Federal Coordination of the Takata Airbag Recall is Appropriate. The Takata recall is unprecedented in size and scope. US antitrust laws may hinder multiple manufacturers from developing common approaches to many of the issues critical to an efficient recall and remedy. A clear, unified approach to the recall and remedy process is the most effective way to minimize owner confusion and improve participation rates for this recall. It is also important that NHTSA continue to have a prominent voice among its international counterparts, given the global nature of this recall.

Alliance Members Are Committed to Improving Consumer Participation in Recalls. The Alliance has initiated a multi-faceted research initiative that marks the first collective effort by the automotive industry to understand what motivates consumers to participate in a recall and get their recalled vehicles repaired. We anticipate completing all of our work by this fall but will release data in the interim if it identifies ways to help improve the current recall completion rate.

Auto Manufacturers Remain Focused on the Big Picture. Cars and trucks have never been safer. Over the last decade, total traffic deaths have fallen by roughly 25%, and deaths in passenger vehicles in that same timeframe have fallen by about 32%. Alliance members are focused on the future of automotive safety, developing new technologies to reduce impaired driving and allow vehicles to communicate with each other to help prevent crashes.

TESTIMONY

Thank you for inviting me to testify on behalf of the Alliance of Automobile Manufacturers (Alliance), and particularly, the Alliance member companies working to remedy their customers' cars and trucks affected by the Takata airbag inflator recalls. Alliance members are committed to remedying safety defects, and we appreciate the public leadership Administrator Rosekind is taking to coordinate efforts to complete the Takata airbag recall campaign. It is clear that a comprehensive response is needed to help ensure this recall is implemented effectively. Alliance members are actively engaged in finding ways to increase consumer participation in recall campaigns generally, including commissioning the most comprehensive analysis to date of consumer motivations and responses to recalls. Moreover, Alliance members continue to be focused on next-generation safety technologies that promise to improve upon the dramatic reductions in passenger vehicle deaths in the last decade.

Federal Coordination of the Takata Airbag Recall is Appropriate

As this recall moves forward, NHTSA and automakers must work together on behalf of consumers. Auto manufacturers have been concerned from the outset that the Takata recall may erode public confidence in a proven technology that has saved thousands of lives over the years. The May 19 announcement generated enormous consumer interest, and it would have been most helpful for manufacturers to have been able to tell vehicle owners whether their vehicles were included in the expanded recall. Ideally, we should be in a position to provide consumers with timely information when the news of a recall is fresh in their minds.

At the same time, Administrator Rosekind should be recognized for the leadership role the agency is taking to coordinate what was already a massive task, and is now even larger. The challenges of a recall spanning multiple manufacturers were already evident at this Committee's hearing last December. Unfortunately, antitrust laws may hinder affected manufacturers from developing common approaches to many of the issues that Congress and NHTSA have rightly identified as critical to an efficient recall and remedy of affected vehicles when a defect spans so many manufacturers. For example, the issues of parts allocation and prioritization of repairs in a constrained marketplace raise antitrust risks that are difficult for manufacturers to address on their own under existing law.

Thus, Alliance members believe that NHTSA's decision to use its authority to "organize and prioritize" affected manufacturers' remedy programs is appropriate in this particular instance. Affected Alliance members are committed to working cooperatively with NHTSA as it addresses a number of issues – including sourcing, production, allocation, delivery, installation, and adequacy of the remedy –as identified in the Federal Register notice the agency published on

May 22. A clear, unified approach is the most effective way to minimize owner confusion and improve consumer participation rates for this recall.

It is also reassuring to see strong and effective US leadership, given that Takata airbags are being recalled on a global basis. The reality is that the competition for parts and the prioritization of airbag repairs is happening globally – not only for vehicles in the US. It is important that NHTSA continue to have a prominent voice among its international counterparts.

Alliance Members Are Committed to Improving Consumer Participation in Recalls

Motor vehicle safety is a shared responsibility. Auto manufacturers are required by law to identify safety defects and implement recalls under NHTSA's supervision. But ultimately, individual vehicle owners decide whether or not to get their vehicles repaired.

According to NHTSA, the average consumer participation rate for light vehicle recalls after one and a half years of reporting is 75 percent (75%). That means approximately 25 percent (25%) of owners are not promptly participating in the recall even though they are entitled to the free remedy offered. However, that rate varies markedly based on the age of the vehicle involved in the recall. For newer vehicles, the participation rate averages 83 percent (83%); for vehicles 5 to10 years old, that rate drops nearly in half, to 44 percent (44%); and for vehicles older than 10 years old, the participation rate drops by another two–thirds, to 15 percent (15%). While we know that participation rates vary by vehicle age, we don't have a good understanding of why vehicle owners don't respond to – in many instances – multiple notices that their vehicle needs free repairs to fix a safety–related defect.

That is why the Alliance has initiated a multi-faceted research initiative that marks the first collective effort by the automotive industry to understand what motivates consumers to participate in a recall, and get their recalled vehicles remedied. The qualitative and quantitative research is commissioned by the Alliance and is being conducted by Public Opinion Strategies, one of the nation's leading public opinion research firms. A series of methods are being employed to explore consumer motivations, including reaching out to consumers who have repaired their recalled vehicles as well as seeking out consumers who own vehicles still requiring a recall remedy, and trying to learn more about consumers' attitudes to recall notices. Our research includes:

- A large-scale national online survey of vehicle owners to test awareness and reasons for consumer behavior.

- An online forum of non-responders to vehicle recall notices to delve deeper into non-responder behavior through an online community session lasting several days.
- Focus groups with dealership service managers to learn more about real-world consumer responses as well as efforts proven effective in increasing participation rates.
- Consumer retail research into the decision-making and values of both responders and non-responders at locales where consumers would have VINs in hand and the researcher could use the NHTSA VIN lookup to see if there is an open recall.
- In-depth research with non-responders to test ideas, tactics, language, messages and spokespersons that might increase participation rates.
- An online quantitative survey to test a range of approaches and further refine new communication material.
- A national panel test online survey of vehicle owners who report receiving a recall notice to demonstrate in a quantifiable way how segments of non-responders react to test concepts across audiences.

We anticipate completing all of our work by this fall but will release data in the interim if it identifies ways to help improve the current recall completion rate.

Auto Manufacturers Remain Focused on the Big Picture

While it is absolutely critical that we increase consumers' participation in recalls, it should be noted that the overall picture of motor vehicle safety is the best that it has ever been in history. Over the last decade, total traffic deaths have fallen by roughly 25%, and deaths in passenger vehicles in that same timeframe have fallen by about 32%, due in part to new safety technologies auto manufacturers are constantly adding to new models. We are experiencing record low traffic deaths even as the number of licensed drivers and the number of vehicle miles driven continues to grow.

Alliance members are committed to accelerating this trend by developing new safety technologies that will help drivers avoid crashes in the first place. They are focused on the future of automotive safety, including working jointly with NHTSA on technologies to reduce impaired driving, allowing vehicles to communicate with each other and improving transportation infrastructure to help prevent accidents from ever happening in the first place.

What once only existed in the imaginations of science fiction writers is now being developed and tested by carmakers in laboratories and on roadways across the globe. Today's leading automakers are developing cars that park themselves, brake automatically and stay in lanes without driver assistance.

As automated functions in vehicles become more common, the possibility of achieving fully driverless cars becomes closer to reality. Today's emerging technology — sensors able to read road signs and traffic signals, while also employing vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) systems to navigate roadways, traffic and pedestrian hazards — will be widely available in the future.

In closing, the Takata airbag inflator recall is unprecedented in size, scope and the number of affected manufacturers. It requires ongoing and coordinated attention from NHTSA. On average, the industry successfully conducts more than 600 recalls each year and Alliance members are committed to increasing consumers' participation in these vehicle recalls. We look forward to sharing the findings from our study with Congress and NHTSA, and believe the study will provide a better understanding of what drives consumers to participate in recalls. Finally, while we appreciate the significance of the Takata recall and the challenges ahead, we must remain focused on the technologies that will make it possible to build on our current success. We look forward to working with you and your colleagues on initiatives to help speed the wide-spread introduction of life-saving new vehicle technologies into consumers' hands.

Mr. BURGESS. Chair thanks the gentleman. Chair recognize Mr. Bozzella, 5 minutes for your statement, please.

STATEMENT OF JOHN BOZZELLA

Mr. BOZZELLA. Chairman Burgess, Ranking Member Schakowsky, members of the committee, I really appreciate the opportunity to appear before you today. Global Automakers represents international automotive manufacturers that design, build, and sell cars and light trucks in the United States. Our members sold 43 percent of new vehicles purchased in the U.S. last year, and produced 40 percent of all vehicles built here. Individually and jointly, our member companies are committed to working toward a future in which there are zero highway fatalities. The safety of Americans traveling on our roadways remains a priority.

Mr. Chairman, this hearing presents an opportunity to further this important discussion on improving auto safety. The Takata recall is an unprecedented situation. The number of manufacturers, and the number and age of affected vehicles involved, along with the sophistication and complexity of the technology, makes this unique. As such, affected automakers are taking extraordinary measures to locate and communicate recall information to vehicle owners so that they know to take their vehicles in for repair.

Our members have gone far beyond what the law requires. They are—multiple rounds of recall notices. They are sending Express Mail to ensure that the notifications are not discarded. They are using multiple platforms, such as advertising, social media, and electronic communications. They are working closely with their dealer networks to ensure that dealers have the capacity to service vehicles with open recalls. Additionally, they created the ITC to conduct independent testing of recalled parts, as led by David Kelly.

Of course, recall campaigns are only one component of creating a safer driving environment. The Takata recall highlights the complex nature of the industry and the challenges we face today. All stakeholders must work together in the effort to improve vehicle and highway safety. Critical areas of focus include proper oversight of existing safety systems, the development and introduction of new technologies, and driver and passenger behavior. This committee, through its authorship of the TREAD Act, has given NHTSA the ability to require reporting and tracking of safety-related data that better allows us to identify problems in the existing fleet of vehicles, and to address and solve them.

In part, the number of recalls that have occurred in recent years is evidence that the requirements of the TREAD Act, NHTSA's ongoing vigilance, and the commitment of the manufacturers, are advancing the goal of improved vehicle safety. Automakers are now deploying advanced technologies which will accelerate the move from crash survival to crash avoidance, including forward collision warning and braking, and soon vehicle to vehicle and vehicle to infrastructure communications. According to the DOT, vehicle to vehicle communications, when fully deployed, could address 80 percent of crashes involving unimpaired drivers.

A holistic approach to vehicle and highway safety must include human behavior, which plays a role in a voluntary recall system.

For newer vehicles, the recall completion rate is upwards of 80 percent. The completion rate falls dramatically as vehicles age. This is a key challenge in resolving the Takata recall, and raises an important question, are there limits to the success of a voluntary system? Global automakers and our members are exploring ways the industry can achieve better outcomes. We are working with NHTSA officials, and are happy to talk with you about new methods for getting useful, effective, and actionable recall information to our customers, such as including recall notifications and annual vehicle registration processes.

Mr. Chairman, it is important to keep in mind that highway safety is improving. This past December, NHTSA announced that traffic fatalities decreased by 3.1 percent over the previous year, and by nearly 25 percent since 2004. However, there is clearly more work to be done. Regarding the Takata recall, the most important thing we can do right now is to make sure people are aware of the status of their vehicle. Every vehicle owner should go to safercar.gov and enter their VIN, the Vehicle Identification Number, to determine whether additional action is needed. This needs to be done now, and it needs to be done several weeks from now, when manufacturers will have posted the specific VINs of the vehicles that have just been added to the recall list. Personally, I did this myself for my vehicle and my children's vehicle, and it gave me the peace of mind to knowing where we are at.

Global automakers and our members will continue to work toward our mutual goal of 100 percent recall completion, and zero traffic fatalities. Thank you for the opportunity to appear before you today.

[The prepared statement of Mr. Bozzella follows:]

Statement of John Bozzella
President and CEO
Association of Global Automakers

Before the
Subcommittee on Commerce, Manufacturing and Trade
House Committee on Energy and Commerce
June 2, 2015

"An Update on the Takata Airbag Ruptures and Recalls"

I appreciate the opportunity to appear before you today.

Global Automakers represents international automobile manufacturers that design, build and sell cars and light trucks in the United States. Our members sold 43 percent of the new vehicles purchased in the United States last year, and produced 40 percent of all vehicles built here. Individually and jointly our member companies are committed to working toward a future in which there are zero highway fatalities. The safety of Americans traveling on our roadways remains a priority.

Mr. Chairman, this hearing presents an opportunity to further this important discussion on improving auto safety. The Takata recall is an unprecedented situation. The number and age of affected vehicles and number of manufacturers involved, along with the sophistication and complexity of the technology, makes this unique. As such, affected automakers are taking extraordinary measures to locate and communicate recall information to vehicle owners so that they know to take their vehicles in for repair.

Our members have gone far beyond what the law requires. They are distributing multiple rounds of recall notices. They are sending express mail to ensure that the notifications are not discarded. They are using multiple platforms such as advertising, social media, and electronic communications. Importantly, they are working closely with their dealer networks to ensure that dealers have the capacity to service vehicles with open recalls.

Of course, recall campaigns are only one component of creating a safer driving environment. The Takata recall highlights the complex nature of the industry and the challenges we face today. In addition to recalls, the auto industry, this Committee, regulators, engineers and other experts in the field have been working diligently to improve vehicle and highway safety. Critical areas of focus include proper oversight of existing safety systems, the development and introduction of new technologies, and driver and passenger behavior.

This Committee, through its authorship of the TREAD Act, has given the National Highway Traffic Safety Administration (NHTSA) the ability to require reporting and tracking of safety-related data that better allows us to identify problems in the existing fleet of vehicles, and to address and solve them. In part, the number of recalls that have occurred in recent years is evidence that the requirements of the TREAD Act, NHTSA's ongoing vigilance, and manufacturers' commitment to safety are advancing the goal of improved vehicle safety.

Automakers are now deploying advanced technologies which will accelerate the move from crash survival to crash avoidance – including forward collision warning and braking, and soon, vehicle-to-vehicle and vehicle-to-infrastructure communications. According to the Department of Transportation, vehicle-to-vehicle communications, when fully deployed, could address 80 percent of crashes involving unimpaired drivers.

A holistic approach to vehicle and highway safety must include driver and passenger behavior. This requires addressing the issues of impaired driving, driver distraction, and driver error through technologies such as warning systems and also through education and enforcement.

Human behavior also plays an important role in a voluntary recall system.

For newer vehicles, the recall completion rate is upwards of 80 percent. The completion rate falls dramatically as vehicles age. This is a key challenge in resolving the Takata recall and raises an important question: are there limits to the success of a voluntary system?

Global Automakers and our members are exploring ways the industry can achieve better outcomes. We are working with NHTSA officials and are happy to talk with you about new methods for getting useful, effective and actionable recall information to our customers, such as including recall notifications in annual vehicle registration processes.

Mr. Chairman, it is important to keep in mind that highway safety is improving. This past December, NHTSA announced that traffic fatalities decreased by 3.1 percent over the previous year, and by nearly 25 percent since 2004.

However, there is clearly more work to be done.

Regarding the Takata recall, the most important thing we can do right now is to make sure people are aware of the status of their vehicle. Every vehicle owner should go to safercar.gov and enter the VIN – vehicle identification number – to determine whether any additional action is needed. This needs to be done now – and it needs to be done several weeks from now when manufacturers will have posted the specific VINs of the vehicles that have just been added to the recall list.

Global Automakers and our members will continue to work toward our mutual goal of 100 percent recall completion and zero traffic fatalities.

Thank you again for the opportunity to appear before you today.

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Mr. BURGESS. Chair thanks the gentleman. Chair thanks the entire panel for their testimony today. We will move into the question portion of the hearing, and I will recognize myself for 5 minutes for questions.

I have got a couple of questions that relate to the propellant in the inflator. And, Mr. Kennedy, I am primarily going to ask you, but, Mr. Kelly, if you have information, because of your independent testing role, please feel free to add. Is—Mr. Kennedy, is Takata the only airbag manufacturer that uses sodium nitrate in its airbags?

Mr. KENNEDY. It is ammonium nitrate, sir——

Mr. BURGESS. I am sorry, ammonium.

Mr. KENNEDY [continuing]. And I believe we are the only one that uses it as a main propellant. There are other manufacturers that use it as a supplemental propellant.

Mr. BURGESS. Is there any other airbag, other than those manufactured by Takata, that has been—experienced this energetic disruption, I think you called it, Mr. Kelly?

Mr. KELLY. I can't really speak to all—recalls for the other suppliers, Chairman Burgess. I really don't know the answer to that.

Mr. BURGESS. Well, it is just that we have had, you know, this is the second hearing that I have been involved in of—on this issue, and ammonium nitrate just keeps coming up. I mean, it is a pretty powerful compound, and it just begs the question, is there a linear relationship between the ammonium nitrate used as an inflator and these accidents that are happening?

Mr. KENNEDY. Well, the studies that we have done, and the research that we have from some of the leading experts in the world, seem to indicate that ammonium nitrate is certainly a factor in the inflator ruptures. There are many, many other factors. I think you heard Dr. Rosekind talk about some of them. You have heard Mr. Kelly talk about some of them. The—takes a long time. As Dr. Rosekind said, 7 to 12 years. It takes high absolute humidity, it takes high heat.

But what is difficult about the situation is you can put two inflators in that situation, one of them is fine, and one of them is not. So that is really what the struggle has been with getting to the root cause. But ammonium nitrate appears to be one of the factors that contributes.

Mr. BURGESS. So it is—high humidity is an issue. My understanding is some of these are manufactured with a desiccant to absorb humidity——

Mr. KENNEDY. Yes.

Mr. BURGESS [continuing]. Which would then go along with a 7-to-12-year timeframe of—presumably the desiccant is going to get completely used up over some period of time. Is that correct?

Mr. KENNEDY. I don't know that it would get complete used up, sir. It depends on the amount of moisture that is in a particular inflator, and the amount of desiccant. Many of our later generation inflators do contain desiccant, along with ammonium nitrate. We have not seen this issue with those inflators in the field, so we know that that is a factor that contributes to the life of the inflator.

Mr. BURGESS. Does Takata manufacture any airbag that is used in any make or model of vehicle that uses sodium—I mean, I am sorry, ammonium nitrate without a desiccant?

Mr. KENNEDY. Yes. Some of our—some—all of these inflators that are involved in these issues that we are talking about are all ammonium nitrate without desiccant.

Mr. BURGESS. And are you still manufacturing ammonium nitrate without a desiccant as the propellant?

Mr. KENNEDY. For a few platforms that we have not transitioned out of yet, but we are working to transition out of them as quickly as possible.

Mr. BURGESS. So, I am sorry, you go out and buy a brand new car off the showroom floor, and it could have one of these instruments in it?

Mr. KENNEDY. It could have an ammonium nitrate-based inflator that does not have desiccant, that is correct.

Mr. BURGESS. Is there any obligation to warn the consumer that they are buying something that may be problematic?

Mr. KENNEDY. Well, the recalls that are in process at this point are for certain timeframes, certain vehicles, certain technologies. Those would not be involved in a brand new vehicle at this point, but that is why we are continuing, as part of the Consent Order, to test outside of the boundaries of what is involved in the recall to really understand what this—what the total scope is.

Mr. BURGESS. Well, I am sorry, you are not providing me much reassurance with that answer. Let me just ask you this. You said that by September you will be up to a million units a month——

Mr. KENNEDY. Yes, and then we will continue to go up after that as well.

Mr. BURGESS. But under—just simple math, it is—for 34 million vehicles, I mean, it is almost 3 years as a timeframe.

Mr. KENNEDY. Well, it is about—I mean, roughly—the exact numbers are in the DIRs, but the additional due to these DIRs is about 16, 17. I don't mean to minimize it. It is obviously a huge number whichever way you look at it. But previously there had been about 18 million of that 34 that have already been under recall. We have supplied over four million kits already since January of last year, and now, as I said, we are up to 750,000 a month, going to a million a month——

Mr. BURGESS. OK. Let me just——

Mr. KENNEDY [continuing]. Going beyond that.

Mr. BURGESS. Let me just ask you this. I don't mean to interrupt, but my time is up.

Mr. KENNEDY. That is OK.

Mr. BURGESS. Are any of the replacement modules that you are putting—reinstalling in vehicles that are brought in to have their airbag system changed out, are any of those ammonium nitrate propellants without desiccants?

Mr. KENNEDY. Some of them are. As I said, we have gotten about 50 percent with outside inflators that are nonammonium nitrate. On the driver's side, where we have had most of the issues, as I mentioned in my opening remarks, we are completely transitioning out of the batwings, and we will be using either a desiccated inflator without batwings, or we will be using a competitor's inflator.

Mr. BURGESS. All right, thank you. My time has expired. Ms. Schakowsky, 5 minutes for questions, please.

Ms. SCHAKOWSKY. I want to follow up on the chairman's question. You have talked about what are the possible reasons, including ammonium nitrate perhaps being part of the cause, and you are saying, if I understand you correctly, that you are providing replacement bags that have—that are—have ammonium nitrate without a desiccant?

Mr. KENNEDY. Yes, ma'am, that is correct.

Ms. SCHAKOWSKY. So—I don't understand that. What is under recall right now?

Mr. KENNEDY. Certain model years, certain designs, on certain vehicles.

Ms. SCHAKOWSKY. But why, if ammonium nitrate may be a problem, would you, and why would I buy, a—put in—why would you put it in a car, why would I buy a car that has a potentially dangerous airbag? I am not understand.

Mr. KENNEDY. Well, we are working to move away from those as quickly as we can, but to—in a vehicle, it is not as easy as just changing the color of the car, or changing a bolt.

Ms. SCHAKOWSKY. No, you are——

Mr. KENNEDY. It is very, very——

Ms. SCHAKOWSKY. No, I am talking about replacements now, not even the——

Mr. KENNEDY. Yes.

Ms. SCHAKOWSKY [continuing]. New cars.

Mr. KENNEDY. Yes.

Ms. SCHAKOWSKY. So the replacement could be as dangerous as the current, why would you even replace it?

Mr. KENNEDY. Well, as I said, without really exactly understanding the root cause, and continuing to test outside of the bounds of what we have already recalled, we are trying to determine that. We are trying to understand exactly what are the factors that lead to this, and should we do something different than what we are doing right now?

We know it does—as you heard Dr. Rosekind say, it takes 7 ½ to 12 years, so putting in a brand new part is a huge improvement in safety. And as we continue to test, if it shows that we need to take additional actions, we will take additional actions.

Ms. SCHAKOWSKY. So does the recall affect cars that are over 10 years old?

Mr. KENNEDY. Yes, some of them—I think—well, the original recalls did. These new ones announced, I would have to look at the DIRs and see, because of that overlap that I talked about. But some of them go back to as early as I think 2000, 2001——

Ms. SCHAKOWSKY. OK.

Mr. KENNEDY [continuing]. Were the first ones involved.

Ms. SCHAKOWSKY. My understanding is that you are doing that of older cars, but you are not required to do so. So I wanted to ask you if Takada has taken a position on the Vehicle Safety Improvement Act, H.R. 1181?

Mr. KENNEDY. No, we have not publicly. I am aware of the bill. I am not aware of all the particulars in the bill. But we certainly

support any effort that would help improve the return rate on recalls.

Ms. SCHAKOWSKY. So let me give you some of the items in the bill, and see if you would support that. H.R. 1181 would increase the quantity and quality if information shared by auto manufacturers with NHTSA, the public, and Congress, specifically requires manufacturers to include in their quarterly submissions to NHTSA additional information on fatal incidents possibly caused by a defect, and assess why the incident may have occurred, and removes the limitation on the number of model years that should be reported. Is this something that sounds supportable to you?

Mr. KENNEDY. Well, it is a little disingenuous for me, because it is not a requirement for our company to comment on it. But it would seem like that would be a good idea in order to increase the visibility on some of these issues that have been going on in the field.

Ms. SCHAKOWSKY. Do you think it would be a good idea to not limit to 10 years the number of mandatory—of recalls, asking that cars older than 10 years be part of the required recall?

Mr. KENNEDY. Quite frankly, I didn't know there was a limit of 10 years, because, as I said, some of these vehicles are 15 years old.

Ms. SCHAKOWSKY. Would you think that it is a good idea for NHTSA to have new imminent hazard authority to expedite recalls related to dangerous defects?

Mr. KENNEDY. That is, again, a difficult one for a supplier, I think, to answer. But I think anything that improves the safety on the road is certainly a step in the right direction.

Ms. SCHAKOWSKY. Do you think there is any reason to support regional recalls, as opposed to national recalls?

Mr. KENNEDY. Well, you know, obviously ours started off as a regional recall. And the reason that it was doing—a couple of reasons it was doing that. Number one was because that is what the science and data showed where the issues were. And there are going to be some cases where, I think, that is probably correct. And it also helps——

Ms. SCHAKOWSKY. But people do drive their cars to other places.

Mr. KENNEDY. Yes, that is true, but—the other thing I was going to say, it also helps with getting parts into the priority areas as quickly as possible, which is part of the four DIRs that we came to agreement with NHTSA on in the last couple of weeks.

Ms. SCHAKOWSKY. Mr. Kennedy, can I work with you as well, obviously, primarily with the members, but talk to you about the legislation?

Mr. KENNEDY. Absolutely.

Ms. SCHAKOWSKY. Thank you. I yield back.

Mr. KENNEDY. You are welcome.

Mr. BURGESS. The Chair thanks the gentlelady. Chair recognizes the gentlelady from Tennessee, 5 minutes for your questions, please.

Mrs. BLACKBURN. Thank you, Mr. Chairman. Mr. Kennedy, I am going to stay right with you. Did you drive a car that has a Takata airbag?

Mr. KENNEDY. Yes, I do.

Mrs. BLACKBURN. You do?
Mr. KENNEDY. Yes, I do.
Mrs. BLACKBURN. What about your family?
Mr. KENNEDY. Yes, every one of them.
Mrs. BLACKBURN. Are you concerned——
Mr. KENNEDY. No, I am not.
Mrs. BLACKBURN [continuing]. The safety of those? OK. I was listening to your statement, and I think I must have missed something here, because you talked about manufacturing the—stopping the manufacture of the batwing airbags, but you never mentioned the ammonium nitrate. You kind of left the propellant——
Mr. KENNEDY. Correct.
Mrs. BLACKBURN [continuing]. Out of the mix, and then addressed it with Mr. Burgess a little bit. I want to ask if you agree with this statement. This is from an explosives expert at Missouri University of Science and Technology, and he said the following about ammonium nitrate, it shouldn't be used in airbags, but it is cheap, unbelievably cheap. Do you agree with that statement?
Mr. KENNEDY. That it is unbelievably cheap, or that it shouldn't be used? Are you——
Mrs. BLACKBURN. Both.
Mr. KENNEDY. I wouldn't say that it is unbelievably cheap. I would say it is competitive with some of the other propellant formulations that are out there, like guanidine nitrate, which some of our competitors use, and which we use in some other inflators. I don't think—I mean, it is a blanket statement that says it should not be used. No, I don't agree with that, because obviously we use it. We have had some issues with some of our ammonium nitrate inflators, but many of them have performed very well.
Mrs. BLACKBURN. Are you an explosives expert?
Mr. KENNEDY. No, ma'am, I am not.
Mrs. BLACKBURN. You are not?
Mr. KENNEDY. I am an engineer, but I am not a——
Mrs. BLACKBURN. OK.
Mr. KENNEDY [continuing]. I am not a chemist, I am not an explosives expert.
Mrs. BLACKBURN. All right. Then let us go to what Ms. Schakowsky was saying. You are still using this, so isn't it true that ammonium nitrate is a dangerous substance to be used in airbag inflators?
Mr. KENNEDY. No, I don't believe it is a dangerous substance to be used in airbag inflators.
Mrs. BLACKBURN. OK, you do not believe——
Mr. KENNEDY. We use phase stabilized ammonium nitrate. Most of the issues that you hear about ammonium nitrate are it losing its phase stabilization.
Mrs. BLACKBURN. All right. Then isn't it true that ammonium nitrate is cheaper than other compounds, such as tetrazole?
Mr. KENNEDY. Probably—maybe tetrazole, but at the time when we started to use ammonium nitrate, there—the competing material out there was guanidine nitrate.
Mrs. BLACKBURN. OK.
Mr. KENNEDY. And those two are very similar in cost. There is not a huge——

Mrs. BLACKBURN. OK.

Mr. KENNEDY [continuing]. Difference between those.

Mrs. BLACKBURN. You are an engineer, and isn't it true that your own engineers at Takata warned you about using ammonium nitrate?

Mr. KENNEDY. Well, from some of the newspaper articles I have read, I assume you are referring to Mr. Lillie's comments, is that correct?

Mrs. BLACKBURN. Mr. Britton and Mr. Lillie.

Mr. KENNEDY. OK.

Mrs. BLACKBURN. Yes.

Mr. KENNEDY. And what I can tell you is this. Every development program, every product that any supplier every makes, there is always a spirited debate about what are the right components, what is the right design, what—and there are tradeoffs on all of those things. The previous materials that we used for propellant was sodium azide. Sodium azide was extremely toxic. It also had the unwanted effect that, when it was deployed, it did not burn very cleanly, and there was a lot of effluent that were put into the vehicle, and a lot of people that had respiratory issues were bothered by those.

So we, you know, every propellant, every design, there is always a spirited debate——

Mrs. BLACKBURN. OK.

Mr. KENNEDY [continuing]. And you can probably find people——

Mrs. BLACKBURN. All right.

Mr. KENNEDY [continuing]. Always on one side——

Mrs. BLACKBURN. I get that. I want——

Mr. KENNEDY [continuing]. And not on——

Mrs. BLACKBURN [continuing]. To move on——

Mr. KENNEDY [continuing]. The other.

Mrs. BLACKBURN [continuing]. Because I am about to run——

Mr. KENNEDY. OK.

Mrs. BLACKBURN [continuing]. Out of time here. OK. Given that you are recalling cars that may have already been repaired, have there been any field incidents reported in inflators that were installed as parts, any of the remedy situations? Have you had any occurrences with those?

Mr. KENNEDY. Not that I am aware of, ma'am.

Mrs. BLACKBURN. So all of the replacement parts have performed 100 percent satisfactorily in the cars in which they have been installed?

Mr. KENNEDY. Well, what I said was I am not aware of any of the replacement parts——

Mrs. BLACKBURN. Would you double check that and get back to us——

Mr. KENNEDY. Yes, ma'am, I will.

Mrs. BLACKBURN [continuing]. And let us know? What does Takata believe we know from testing today that we didn't know a year ago?

Mr. KENNEDY. We know a lot, and not just from our testing. I know I heard some of the gentlemen refer to the Fraunhofer report which was released. We brought Dr. Noits from the Fraunhofer In-

stitute into our facility in February. We brought a team from NHTSA in.

Mrs. BLACKBURN. What kind of changes are you making with that information, then, if you are still using the propellant that is a problem?

Mr. KENNEDY. Well, as I said, we do have later designs to use desiccant. That is one of the things that has been proven to improve the situation. We also have alternate propellants now with guanidine nitrate that we have—we started production a year or 2 ago, and we are continuing to ramp those up. I think overall you will see our production of ammonium nitrate go down rapidly.

Mrs. BLACKBURN. I yield back.

Mr. BURGESS. Gentlelady yields back. Chair thanks the gentlelady, and the Chair recognizes the gentleman from Massachusetts, 5 minutes for your questions, please.

Mr. KENNEDY OF MASSACHUSETTS. Thank you, Chairman. Thank you to the witnesses for being here. I apologize, I had to step out, but glad to come back. Mr. Kennedy, you indicted that you expect that the use of ammonium nitrate would decrease. Why—in your—in the future. Why is that?

Mr. KENNEDY. Well, it is certainly got a bad reputation through all of this, and it—as I said, it is one of the contributing factors that everyone believes is involved in this issue.

Mr. KENNEDY OF MASSACHUSETTS. Can you——

Mr. KENNEDY. Sorry.

Mr. KENNEDY OF MASSACHUSETTS. Can you, sir, signify that—or guarantee that as long as ammonium nitrate is used in those products, the products are safe?

Mr. KENNEDY. I am sorry?

Mr. KENNEDY OF MASSACHUSETTS. Can you guarantee that as long as ammonium nitrate is used in those products, that the products are safe?

Mr. KENNEDY. Well, we believe properly manufactured and designed ammonium nitrate, phase stabilized ammonium nitrate, can be done properly.

Mr. KENNEDY OF MASSACHUSETTS. So the—I guess—you indicated in your testimony—your written testimony a little while ago that, in certain circumstances, these conditions can result in an alternation in the propellant wafers in the inflators that could potentially lead to overaggressive combustion.

Mr. KENNEDY. Right.

Mr. KENNEDY OF MASSACHUSETTS. And so it is—your statement, though, is that if it is properly manufactured, and then under the right circumstances, those conditions would not exist?

Mr. KENNEDY. Well, we have seen those in very rare cases, and that is—goes back to the root cause discussion we were having a little bit earlier. We do not have the definitive root cause. We know a lot, and we know a lot more than we did in December, based on all the testing that we have done, and all the testing that our outside experts have done.

Mr. KENNEDY OF MASSACHUSETTS. So the testing that you have done has indicated that, if I understand you correctly, and please correct me if I don't, but—is the ammonium nitrate, or the substances used in the production of these wafers, and—then, under

certain conditions of humidity and heat over time could lead to a malfunction——

Mr. KENNEDY. Could lead to——

Mr. KENNEDY OF MASSACHUSETTS [continuing]. In a crash?

Mr. KENNEDY [continuing]. Correct.

Mr. KENNEDY OF MASSACHUSETTS. Could lead to? And that you are going to—your plans are to phase out the use of ammonium nitrate in your products?

Mr. KENNEDY. Well, we have been phasing that down, and phasing later propellants, but a lot of them, even some of the ammonium nitrate ones, were with desiccant. We had gone from non-desiccated ammonium nitrate to desiccated ammonium nitrate, and now we are moving to a—what is called a guanidine nitrate.

Mr. KENNEDY OF MASSACHUSETTS. And the guanidine nitrate you said is a similar cost?

Mr. KENNEDY. A similar cost, yes.

Mr. KENNEDY OF MASSACHUSETTS. So then why not adopt it earlier?

Mr. KENNEDY. You know, it was—we made investments in order to process ammonium nitrate. We were having good success with ammonium nitrate. It was competitive. As I said, it had a number of these other advantages to it that our customers enjoyed, so it was not something that, until some of these recent issues, really thought, and gave us a reason to re-think it.

Mr. KENNEDY OF MASSACHUSETTS. Some fairly significant disadvantages of late, though, yes?

Mr. KENNEDY. I am sorry?

Mr. KENNEDY OF MASSACHUSETTS. Some fairly significant disadvantages of late, though, I would——

Mr. KENNEDY. Yes, sir.

Mr. KENNEDY OF MASSACHUSETTS. And then, sir, I think you tried to touch on this, but forgive me if I am still a little bit confused, I—in an article in the New York Times yesterday, indicated that—the headline, I believe, says, "Takada says it will no longer make side-inflator linked to airbag defect."

Mr. KENNEDY. I am sorry, what did that say?

Mr. KENNEDY OF MASSACHUSETTS. "Takata says it will no longer make side-inflator linked to airbag defect," and basically says that you——

Mr. KENNEDY. I——

Mr. KENNEDY OF MASSACHUSETTS [continuing]. Will not be using ammonium nitrate. There was another piece in another newspaper I saw today saying that ammonium nitrate still would be manufactured. And a piece in Reuters that I think said that it wasn't going to be in, then the piece was withdrawn. So can you try to clarify for me, is ammonium——

Mr. KENNEDY. Yes.

Mr. KENNEDY OF MASSACHUSETTS [continuing]. Nitrate still being used in the products, and should people—what should people do? Do they have—can they have confidence in the airbag product that is going into the cars——

Mr. KENNEDY. Yes. I am glad you asked that question. There was a lot of confusion yesterday once our written testimony was released.

Mr. KENNEDY OF MASSACHUSETTS. Both cited your rest—written testimony. One said that you are, and one said you are not——

Mr. KENNEDY. Yes.

Mr. KENNEDY OF MASSACHUSETTS [continuing]. So——

Mr. KENNEDY. Well, yes, it——

Mr. KENNEDY OF MASSACHUSETTS. I appreciate the clarification.

Mr. KENNEDY. It is a long story. We have had people working on that since it came out. As I think I mentioned earlier, we are continuing to use ammonium nitrate in our propellants, phase stabilized ammonium nitrate, both with and without desiccant, but we—there are not many without desiccant that are still out there.

Mr. KENNEDY OF MASSACHUSETTS. OK.

Mr. KENNEDY. What we did say we were going to quit making were these batwing shaped inflators, because that seemed to be, again, one of the issues that we have seen from all the testing that we have done. It is more prevalent in the batwing propellant wafers.

Mr. KENNEDY OF MASSACHUSETTS. OK. Given that, I only have about 30 seconds left. I will stop going forward, and, Mr. Chairman, I will yield back. Thank you. Thank you to the witness.

Mr. KENNEDY. You are welcome.

Mr. BURGESS. The gentleman yields back. The Chair thanks the gentleman. Recognize the gentleman from New Jersey, Mr. Lance, 5 minutes for your questions, please.

Mr. LANCE. Thank you, Mr. Chairman. Good afternoon to you all, gentlemen. I was at the hearing in December. I was the vice chair then, as I am now. Mr. Terry was in the chair in December.

I quote from the transcript, Mr. Kennedy, directly from the transcript of the December hearing on this matter. I had asked your colleague, Mr. Shimizu, about this whole matter, and I had stated, "Takata's current view, based upon reliable information, does not support a nationwide determination of a safety defect in all vehicles equipped with the subject driver side inflators. This is not the view of the agency at the Federal Government"—obviously NHTSA—"that protects the American people, and so you are dramatically and diametrically in opposition to the view of NHTSA. Is that accurate?"

And then Mr. Shimizu discussed this with his colleagues, there was a translation problem, but he then answered the question, and he said, quote, and this is direct quote from the transcript, "Yes, correct, that is our statement." And then I went on to say, "In conclusion, and we will be asking this of NHTSA later in the hearing, on November 26 NHTSA demanded a national recall"—and, of course, that was not the view of Takata at that time. What has changed, Mr. Kennedy, between then and now?

Mr. KENNEDY. Much has changed, much. At that——

Mr. LANCE. There has been one additional death.

Mr. KENNEDY. There was the one additional death that we are aware of——

Mr. LANCE. That certainly has changed.

Mr. KENNEDY [continuing]. In Texas. That was, as I think was also mentioned, was a vehicle that had been recalled 4 years ago, unfortunately.

Mr. LANCE. But not to the owner. This was a subsequent owner.

Mr. KENNEDY. I know, and that is——

Mr. LANCE. That is an important factor for the American people to know, Mr.——

Mr. KENNEDY. It is a very important factor. A very important factor, I agree with you. But back to your original question of what has changed, at that time we had, I think, 8,000 tests done. Now we have got 50,000 tests done. We have seen some patterns start to emerge in some of the testing and the data that we have accumulated. That is what has led us—and all of the other testing and analysis has been done by outside experts. We have hired experts—I think you have seen the Fraunhofer report now.

Mr. LANCE. Yes. I was the person who quoted.

Mr. KENNEDY. Yes.

Mr. LANCE. Moving on, the issue of ruptures was first known by Takata in 2004, and the first six deaths I believe occurred approximately in 2009, and so this has been an ongoing problem of great significance. In the last 6 months how much have you been fined? I believe it is $14,000 a day. How much in total have you been fined, Mr. Kennedy?

Mr. KENNEDY. I think Dr. Rosekind answered that. I think it was——

Mr. LANCE. I am asking for your answer, Mr. Kennedy.

Mr. KENNEDY. I believe it totals up to about $1.2 million.

Mr. LANCE. And have you paid that?

Mr. KENNEDY. To my knowledge, no.

Mr. LANCE. And why is that?

Mr. KENNEDY. That is part of the discussion and negotiation with NHTSA. They have agreed to suspend it as part of the Consent Order, but they have reserved the right to incur further penalties as they see fit.

Mr. LANCE. Now, based upon your testimony to the chairman and to the ranking member, is it possible that replacement airbags will continue to have ammonium nitrate in them?

Mr. KENNEDY. Yes, sir, they will. Some of them will.

Mr. LANCE. And you are confident that they will be safe for some period of time, or an extended period of time?

Mr. KENNEDY. We feel that they are safe, and that is why as—again, as part of the Consent Order, we are continuing to test outside of the scope of the recalls, and we are continuing to test to make sure that the remedy parts are safe.

Mr. LANCE. Should those who are having an airbag replaced ask whether or not their new airbag will contain ammonium nitrate, and perhaps ask for a different replacement airbag?

Mr. KENNEDY. I am—I have—not really sure how to answer that, sir.

Mr. LANCE. And are there new automobiles fresh off the assembly line that contain ammonium nitrate airbags?

Mr. KENNEDY. Yes, there are.

Mr. LANCE. Thank you.

Mr. KENNEDY. You are welcome.

Mr. LANCE. Mr. Bozzella, you indicate that the rate of compliance with recalls drops dramatically. And did I hear you right that it is 15 percent for older vehicles, and could you explain exactly the years involved where it would be as low as 15 percent?

Mr. BOZZELLA. Yes. I don't know that I mentioned exactly the numbers——

Mr. LANCE. Perhaps you did.

Mr. BOZZELLA [continuing]. But you are exactly right, Congressman. The trend is that further out into the ownership——

Mr. LANCE. Yes.

Mr. BOZZELLA [continuing]. Of a vehicle, the recall completion rate is lower.

Mr. LANCE. Um-hum.

Mr. BOZZELLA. If the question is why is that, second and third owners——

Mr. LANCE. Yes.

Mr. BOZZELLA [continuing]. These vehicles are often owned by second and——

Mr. LANCE. Yes.

Mr. BOZZELLA [continuing]. Third owners——

Mr. LANCE. Yes.

Mr. BOZZELLA [continuing]. They are difficult——

Mr. LANCE. Yes.

Mr. BOZZELLA [continuing]. To find, and so the manufacturers are doing everything they can right now, working very hard to increase those completion——

Mr. LANCE. Thank you. In conclusion, because my time has expired, I am concerned about those who have vehicles that they have purchased not new. This would be people who might not be aware, necessarily, to the greatest extent of someone who has purchased a new automobile. We want to protect all of the American people, and this is of great concern. And I want to work with you and others, and the committee, to make sure that all Americans are protected. Thank you, Mr. Chairman.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. Chair recognizes the gentlelady from New York, Ms. Clarke, 5 minutes for your questions, please.

Ms. CLARKE. I thank you very much, Mr. Chairman. I thank our panelists. The day before the subcommittee's hearing in December, Takata sent a letter to NHTSA in which the company rejected a national recall. Part of the stated reason for rejecting the national recall was Takata's contention that it was not required by law to make a good faith determination of whether its product contained a safety-related defect or to conduct a recall because Takata is not a manufacturer of motor vehicles, or of replacement equipment.

Mr. Kennedy, this question was asked of Mr. Shimizu in December, but I want to hear from you now, do you agree with that statement made by your company in December?

Mr. KENNEDY. It sounds like a lot of legal talk to me. I am certainly not a lawyer.

Ms. CLARKE. It is not legal. It is very simple. It says here that it is your contention that you are not required by law to make a good-faith determination of whether a product contained a safety-related defect, or to conduct a recall because Takata is not a manufacturer of motor vehicles, or of replacement equipment.

Mr. KENNEDY. I really don't know the answer to that. I would have to do a little bit of research and get back with you on——

Ms. CLARKE. All right, very well. By entering into the Consent Order with NHTSA, it is my understanding that Takata has submitted to NHTSA's jurisdiction. Is that correct?

Mr. KENNEDY. I believe that would probably be the proper term.

Ms. CLARKE. That is correct?

Mr. KENNEDY. We have come to an agreement with NHTSA.

Ms. CLARKE. So that is correct?

Mr. KENNEDY. Yes.

Ms. CLARKE. Very well. Do you now agree that Takata is subject to the jurisdiction of NHTSA, at least as to the laws and regulations related to safety-related defects?

Mr. KENNEDY. Again, it is an area of the—you are asking me a law question that I am not really properly qualified to answer. I could certainly look into it and get back with you. I mean—but certainly we recognize NHTSA's authority, if that is really the question that you are asking, and we have worked very hard with NHTSA, especially over the past 3 or 4 months, to come to the agreement on the consent agreement, the preservation order, the DIRs——

Ms. CLARKE. So let me ask you this: Do you now agree that Takata is required to decide in good faith whether your products contain a safety-related defect?

Mr. KENNEDY. Well, we clearly did say, in the DIRs, that a defect may arise in some of the subject parts. So I guess the answer to that question would be yes.

Ms. CLARKE. Mr. Kennedy, is Takata paying for all of the replacement airbags?

Mr. KENNEDY. I am not sure what you mean by—are we——

Ms. CLARKE. Yes.

Mr. KENNEDY. We are selling them.

Ms. CLARKE. Well, there are airbags that now need to be replaced——

Mr. KENNEDY. Correct.

Ms. CLARKE [continuing]. Right? Are you paying for them?

Mr. KENNEDY. We are working with each one of the OEM—each one of our automaker customers to discuss financial responsibility, and we are——

Ms. CLARKE. What does that mean?

Mr. KENNEDY. That means that we are having discussions with each one of the——

Ms. CLARKE. So you are not paying for them?

Mr. KENNEDY. I wouldn't say that we are paying 100 percent for everything with every automaker.

Ms. CLARKE. So you are negotiating what you will pay and what you won't?

Mr. KENNEDY. Which is a normal course of business

on——

Ms. CLARKE. I am just asking.

Mr. KENNEDY. Yes. It is a normal course of business in the automotive——

Ms. CLARKE. A New York Times article from May 20 stated that Takata said automakers shared the blame for this massive recall because "testing specifications prescribed by the vehicle manufacturers failed to uncover faults." Is that correct?

Mr. KENNEDY. That was one of the conclusions from the Fraunhofer report that was——

Ms. CLARKE. But is that correct?

Mr. KENNEDY. We believe that is correct.

Ms. CLARKE. OK. Can you explain that statement a little bit more?

Mr. KENNEDY. Yes. What it means is, whenever a supplier provides a product to an automaker, there is a specification that you are required to meet. There is a certain set of tests that you have to run, a certain quantity of tests that you have to run, and we do that. And as a general rule, you know, we do that with every new product, we review it with the OEM, and they sign off on it and say, yes, we accept this, or no, we don't. And these products went through that process.

So what we are—what the report was trying to say is that the specifications that were out there at the time don't—did not capture the issues that we are seeing in the field today.

Ms. CLARKE. So you are saying the manufacturers failed to uncover the faults, so——

Mr. KENNEDY. What we are saying is the specifications that we tested to, and provided parts to, did not encompass the scope of this problem.

Ms. CLARKE. And so they—because—you are saying that they failed to uncover these faults?

Mr. KENNEDY. I am not—I am maybe not going to quibble about the wording, but that is exactly—I mean, that is what——

Ms. CLARKE. So you are not taking any responsibility——

Mr. KENNEDY. No, ma'am, that is not what I said at all.

Ms. CLARKE. OK.

Mr. KENNEDY. That is not what I said at all.

Ms. CLARKE. OK. So you are saying they share the blame because they should have uncovered the faults during this——

Mr. KENNEDY. Well, I am——

Ms. CLARKE [continuing]. Testing of specifications? That is——

Mr. KENNEDY. What I am saying is that, in the automotive industry, products are developed to meet specifications. Typically, if you meet the specification, you provided a part that is acceptable.

Ms. CLARKE. Thank you, Mr. Kennedy.

Mr. KENNEDY. You are welcome.

Ms. CLARKE. Yield back, Mr. Chairman.

Mr. BURGESS. Gentlelady, Mr. Bainwol was trying to provide an answer for you as well.

Ms. CLARKE. OK.

Mr. BURGESS. With unanimous consent, Mr. Bainwol be allowed to answer.

Ms. CLARKE. Thank you, Mr. Chairman.

Mr. BAINWOL. I appreciate that, Mr. Chairman, and I say this not as a lawyer, or an engineer, or someone who negotiates these contracts, but the specs that are let out when a contract like this is negotiated relate to performance specifications, and do not relate to the fundamental notion that the product should be safe. You know, this is about the form of the deployment, and items like that, in terms of which cars it is going to be appropriately fitted for, but there is an understanding that the supplier will provide a product

that complies with FMBSS. And part of that is making sure that the controlled explosion is a controlled explosion.

Ms. CLARKE. Thank you, Mr. Chairman.

Mr. BURGESS. Gentlelady yields back. The Chair thanks the gentlelady. Chair thanks Mr. Bainwol. Mr. Guthrie, you are recognized for 5 minutes for questions, please.

Mr. GUTHRIE. Thank you very much. Mr. Kennedy, I guess I will direct this at you as well. I guess I am understanding—if you really don't know the root cause, then you really don't know if the product that failed was manufactured to specification. Now, the tests might have met specification, but you really—I mean, you—was it manufactured to specification, and it failed anyway, so therefore the specification came from the OEM was the issue, or—I mean, if you don't know the root cause, you don't really know the answer then, I guess, yes?

Mr. KENNEDY. Yes, that is part of the difficulty that we have with this issue. And I think you have heard Mr. Kelly talk about, you have heard Dr. Rosekind talk about it. It is a very multifaceted, very complex issue as to what is going on. And there are different types of inflators. You heard I think Dr. Rosekind say 10 different inflator types involved in this.

Mr. GUTHRIE. Um-hum.

Mr. KENNEDY. And one of them, and the parts that we have gotten back in the past few months, we have seen what looks like a manufacturing defect that we think allowed moisture into the inflator. That is on one of those. The other ones, we haven't been able to make that determination.

So, I mean, we have expended a lot of effort with a lot of experts——

Mr. GUTHRIE. Yes, sir, that is——

Mr. KENNEDY [continuing]. To try to get to that, but, unfortunately, we have not yet got to a definitive root cause across every one of these inflators.

Mr. GUTHRIE. And that leads—I understand. I am in the automotive—that is what my background is, automotive industry. So you get the product specifications, the blueprint, and you meet to that——

Mr. KENNEDY. Right.

Mr. GUTHRIE [continuing]. And you ship to that. And if they fell within the specification, then that is an engineering issue. If you didn't manufacture to the specification, that is your issue. And——

Mr. KENNEDY. Right.

Mr. GUTHRIE [continuing]. Seems like you don't know exactly where that is. But, following on what my friend from Tennessee, Ms. Blackburn, was talking about, I mean, if you don't know the root cause, and this is a question I don't know if we got a good answer to, how do you know the replacement parts or—that they bring in for the recall are not going to fail? I mean, how—what is the surety of that?

Mr. KENNEDY. Well——

Mr. GUTHRIE. And I think Mr. Lance actually asked—tried to get to that as well.

Mr. KENNEDY. Yes, and that is a very good question. Many of the replacement parts that we are using are different designs now. Ev-

erything on the driver's side will be a completely different design. As I said, about 50 percent of what we shipped last month were with our competitor's inflators, that do not use ammonium nitrate, and have not demonstrated issues in the field, to my knowledge. That will go up to 70 percent here in the next month or so. And so we are looking to change to different inflator designs, or alternate designs for the replacement parts as quickly as——

Mr. GUTHRIE. But you are already sending replacement parts now, right?

Mr. KENNEDY. We are sending—yes, and we have been sending replacement——

Mr. GUTHRIE. So, I mean, how do you know those are—if you are going to bring in a car for a recall to replace, how do you know those aren't——

Mr. KENNEDY. Well, that is the reason that the Consent Order is written the way that it is, in order to require that we continue to test the remedy parts, and we continue to test outside of the scope of the recalls, in order to make that judgment.

Mr. GUTHRIE. But you tested before you shipped the first product.

Mr. KENNEDY. We did, yes.

Mr. GUTHRIE. And they passed the tests?

Mr. KENNEDY. Yes.

Mr. GUTHRIE. And there could be a manufacturing defect that you did that made them fail, so how do you—so we don't know? I mean, you don't—until you know the recalls, you don't know that these replacement parts are not going to have the same——

Mr. KENNEDY. We have confidence in the ones we are making. The process has changed a bit over the years. And, as I said, a lot of them we are using alternate designs that really have never experienced issued, to our knowledge. But there is a percentage of them, and that is exactly why the Consent Order is written the way that it is, and why we are continuing to do the testing and the analysis that we are doing.

Mr. GUTHRIE. OK. And I think you said earlier you are shipping—I think I wrote down about 700,000 replacement kits?

Mr. KENNEDY. Yes. We shipped 740,000 in May.

Mr. GUTHRIE. And up to a million—and how much are you shipping daily? I guess you ship daily to the——

Mr. KENNEDY. Multiple—every day. And we get multiple trucks back every day with parts back from the field.

Mr. GUTHRIE. And how are you prioritizing who gets—is it regional? You are prioritizing——

Mr. KENNEDY. You know, up to this point, we have been able to keep up with demand for replacement parts. There are a couple of part numbers that are on back order right now. We expect to have that back order completed in the next 2 weeks.

Now, obviously, it is going to expand with this expansion when the letters start going out to the consumers, but that is why we are adding additional capacity both internally—we have got seven new inflator lines coming in over the next 6 to 12 months. We have got additional inflator lines going in at our competitor's. We have got additional kit lines going in in our manufacturing facility. So we are continuing to ramp up——

Mr. GUTHRIE. And you also have to maintain current production at the same time, right?

Mr. KENNEDY. We also have to maintain current production. That is a very good point.

Mr. GUTHRIE. I have a question with the other, since we have—just—would you all talk about the replacement part, if it is in your—if you would like to comment on the replacement kit process that is going on. Is that anything you guys would like to comment on, or—is that within your purview?

Mr. KELLY. Thank you, Congressman. Yes, we will be looking at the replacement parts, and the efficacy of the replacement parts, as part of our investigation.

Mr. BAINWOL. And I would simply note that the complexity of this one is enormous. It is not just the 30, 34 million units in the U.S. There are global issues as well. And so production, allocation, prioritization are all hugely significant issues. And that is why we think that, in this instance, NHTSA was appropriate to assert its coordination capacity. And there is no other way to solve this in a fashion that guarantees fairness, and guarantees as expeditious a response as possible, so that is why we have done that.

Mr. BOZZELLA. I would just add, Congressman, that the manufacturers are doing what they need to do to take care of their customers, knowing what they know now.

Mr. GUTHRIE. Thanks a lot, and I appreciate it. And, you know, I have worked in manufacturing. We didn't have any what we would call inverted diamond, or safety issues in our product, but trying to find the root cause—and when you can recreate the problem, that is when you know you found the root cause. And we are all anxious to get to that point, so thank you for——

Mr. KENNEDY. Yes. And that has been one of the most difficult parts of this whole thing, is—as I said, any one failure is unacceptable to us. But, in the analysis, the failure rate is so low it is hard to, you know, as you——

Mr. GUTHRIE. Recreate the problem.

Mr. KENNEDY [continuing]. Know, turn it on and turn it off. We just—we haven't been able to do that.

Mr. GUTHRIE. Once you can do that, you know what is turning it on and turning it off.

Mr. KENNEDY. Then we just want to turn it off, yes.

Mr. GUTHRIE. Well, we are looking forward to getting to the bottom of it. Thank you. I yield back.

Mr. KENNEDY. Thank you.

Mr. GUTHRIE. I am out of time.

Mr. BURGESS. Chair thanks the gentlemen, gentleman yields back. Chair recognizes the gentleman from New Jersey, 5 minutes for your questions, please.

Mr. PALLONE. Thank you, Mr. Chairman. We have been hearing conflicting reports on whether the—this is for Mr. Kennedy. We have been hearing conflicting reports on whether the replacement parts are different than the defective inflators. Some news reports have talked about a change in the chemical composition and shape of the propellant used in the inflators. At the December hearing Mr.—I guess it is Shimizu—of Takata talked about improvements made to the manufacturing process in recent years that said the

inflators were the same. So I just wanted to understand this issue a little better, Mr. Kennedy. Is there any difference between the replacement inflators and the original defective inflators?

Mr. KENNEDY. It depends on each one of the different inflators that you are talking about. As I mentioned, about 50 percent of what we have been sent last month was outside inflators. Those are obviously completely different than our original inflators. On the driver's side we will be using either alternate Takata designs or alternate outside for everything. And the driver's side is the one that has had the most issues, and the most severe issues.

On the passenger sides, right now there are a percentage of those that are outside inflators, but there is still a percentage that are the same design inflator that was in the original modules, but, obviously, manufactured at a later time.

Mr. PALLONE. All right. In Takata's defect information report to NHTSA regarding PSDI–4 inflators, Takata notes that, and I quote, "Continues"—"It continues to produce a small number of PSDI–4 inflators for use as remedy parts. Takata intends to cease production of the subject inflators, including for use as remedy parts." So, again, when does Takata intend to stop producing the PSDI–4 inflators as replacements?

Mr. KENNEDY. We have a couple of carmakers with some older vehicles that have not qualified a new inflator yet. We are working—and they have been working very hard to do that with us, and with our competitor. And what the plan is in that DIR is—I think they call it phase four. The phase four would be to go out and get all of the remedy parts that we supplied that were of that design, the PSDI–4.

Mr. PALLONE. But then when that happens, then they stop producing these PSDI–4 inflators as replacement, what will Takata use to replace the old ones?

Mr. KENNEDY. We have—it depends on the vehicle and the manufacturer. Some of them are our competitor's inflators. We are buying inflators primarily, I think, on driver's side for—from TRW and Autoleve, and we also have a later generation Takata inflator called PSDI–X with desiccant in it that has proven to be very robust, and some of them will be in PSDI–X.

Mr. PALLONE. But then are we are to assume that the reason Takata is stopping its production of these PSDI inflators is because they are unsafe?

Mr. KENNEDY. The PSDI—the batwing propellant geometry was one of the factors that was called out in some of the testing and the analysis that we have done, and some of our outside experts have done, as a factor. So, in order to just eliminate that factor completely, we said we would quit making that——

Mr. PALLONE. So you——

Mr. KENNEDY. We don't make it for production any longer.

Mr. PALLONE. You are not sure——

Mr. KENNEDY. It was only for a replacement part.

Mr. PALLONE [continuing]. But you suspect there could be a problem?

Mr. KENNEDY. Correct.

Mr. PALLONE. OK. Now, you say you are going to replace the inflators in four stages. You mentioned, I guess, that the fourth stage

will include subject inflators previously installed as remedy parts, right?

Mr. KENNEDY. Yes, sir.

Mr. PALLONE. Well, will the people that had their original PSDI–4 inflators replaced with the new PSDI inflators, say, for example, in December 2014, will they have to have them replaced again?

Mr. KENNEDY. Anyone that had an inflator replaced with a PSDI–4 inflator would have to have that replaced again, yes, that is correct.

Mr. PALLONE. So I imagine that someone who has already had their inflator replaced as part of this recall may not realize that they have had—that that have to have it replaced again. So how do you plan to communicate that to the consumer?

Mr. KENNEDY. You know, that is another great question, sir, and that is another part of the Consent Order and agreement we have with NHTSA. We are going to work with NHTSA, and the automakers, to do a proactive safety campaign. We have been working with a professional media firm that has done these kind of things in the past. We know that Honda, last year, had initiated kind of a media campaign where, like, on your cell phone, if you called up Google, there would be a banner at the bottom that said "check your airbag." We have talked to Honda. We know what worked, what didn't work.

So we have 60 days from the Consent Order signing on May 19 to come back with this plan to NHTSA, and work with the OEMs in order to help increase that visibility, and get that message out to people whose cars need to come back in.

Mr. PALLONE. All right. Thank you. Thank you, Mr.——

Mr. KENNEDY. You are welcome.

Mr. PALLONE [continuing]. Chairman.

Mr. BURGESS. Gentleman yields back. Chair thanks the gentleman. Chair recognizes the gentleman from Houston, 5 minutes for your questions, please.

Mr. OLSON. Thank you, Mr. Chairman, and welcome to our witnesses. My first questions are for you, Mr. Kennedy. One theme that has come through loud and clear at this hearing from Dr. Rosekind and all of you all is the lack of—we still don't know about the root cause of these defects. We have ties to humidity, heat, desiccants, batwings, all sorts of things, but no root cause, and that bothers me.

The plane I flew in the United States Navy was a P–3 Orion. It was a modified version of the Lockheed L–10 L–182 Electra. That plane had a bad defect. It was called roll mode. That meant the wings fell off the plane. That was the root cause of two crashes. It is hard to find because those planes were torn up when they hit the ground. They didn't know what happened, but yet we found out what happened, found the root cause, and those planes have been flying for 60 years in our navy.

And so I have heard you say that you know that the—there is heat, humidity, desiccants, propellants. You have mentioned there is a tie with—you have some propellants out there without desiccants, correct?

Mr. KENNEDY. Correct.

Mr. OLSON. How many of those, sir, are out there right now?

Mr. KENNEDY. I would have to check and get back with you, sir, but it is a significant number.

Mr. OLSON. If I am in my home in Houston, Texas, because we are 95—95 percent humidity and 95 degrees, so we are ground zero for these problems. How about there? Do I tell my people back home, guys, they are all here, 100,000 cars, 50,000 cars? Any idea?

Mr. KENNEDY. No, I do not know the number, sir.

Mr. OLSON. What is the problem, then, with finding these cars and putting desiccant in there, replacing it with a desiccant? Make sure—if that is some factor, how about take that out of the equation? Put that in it right now?

Mr. KENNEDY. That is—well, that is exactly what we are doing with every one of those PSDI, PSDI–4, PSDI–4K inflators.

Mr. OLSON. OK. So——

Mr. KENNEDY. That is exactly what the first DIR is.

Mr. OLSON. So by the end of this year there will be no bags out there without some sort of desiccant with their propellant, correct? With that ammonium nitrate, is that right?

Mr. KENNEDY. No, that is not what I am saying, sir.

Mr. OLSON. But that is a problem. You said that is one of the problems. We don't know what going out there. I think it is safe, to me—that is—it is a propellant having some sort of problem with the humidity and the heat, how about putting a desiccant with all the propellants? Make sure that goes out of the equation, maybe find the root cause?

Mr. KENNEDY. Or an alternate inflator. That is the plan with the ones that have shown to be issues in the field, which are these—what we have referred to as PSDI, PSDI–4s. That is what we are doing. The later inflators that we are replacing those with will either have desiccant, or they will be from one of our competitors.

Mr. OLSON. OK. My questions now are for the gentlemen here from the manufacturers. There will be big costs with these recalls. Who is going to pay for that? Will it be Takata, the manufacturers, the dealers? I mean, who is going to pay for all this recall? Mr. Bainwol, any idea, sir?

Mr. BAINWOL. I can tell you that consumers do not pay. So that is the critical point. My hunch is there may be some debate about who actually bears the costs. I think our perspective on where that should end up is pretty clear.

Mr. OLSON. Mr. Bozzella?

Mr. BOZZELLA. Yes, I would agree with Mr. Bainwol. I think the consumer will not pay. We need to do—we need to take care of the customer. Manufacturers need to take care of the customer, working with the dealers, the suppliers, and with the regulator to do so.

Mr. OLSON. How about the dealers? What are you hearing about them about the costs? Because, for example, my truck had a little small recall notice, and I got that taken care of when I replaced the oil. So I went there to have, like, 5 minutes done. I probably was there for about an hour having something fixed. Any reply from those guys how this is hurting their business, spending more time on recalls than actually selling cars and fixing cars they would normally have to maintain?

Mr. BAINWOL. Well, the dealers come out whole. They are—they are reimbursed for the recall. And it is oftentimes governed by State franchise rules, but they are made whole.

Mr. OLSON. And one final question for you, Mr. Bainwol and Mr. Bozzella. Remember in the first panel I talked about the last victim of these airbags, a guy named Carlos Saliz from Spring, Texas. As you know, he bought a used car, a 2002 Accord, and defect came out, the recall notice came out in 2011. He got in a crash this year, never knew that his car was defective. How can you guys help make sure we track those cars from recall to actual owner so there is not—sort of gap? Because he had no chance to have that recall notice. He had no idea his car was defective.

Mr. BAINWOL. It is an important point, and it is one we are very sensitive too. The fundamental notion with safety is that it is a shared responsibility.

Mr. OLSON. Yes.

Mr. BAINWOL. We have a piece of it, consumers have a piece of it, the dealers do. Certainly NHTSA, and certainly the States. And so we have all got to do a better job of tracing the ownership so that we can communicate. And that is one of the reasons why we have gone through this exercise, as I mentioned in my opening statement, about conducting research to figure out what makes people go in and get the job done. We have got to find a way to turn that trigger so they go in and get the work done.

Mr. BOZZELLA. It is a great question, and I would simply add to that that is, as I mentioned in my testimony, that we ought to consider looking at the point at which an owner registers or re-registers his or her car as a point for further notification. In the case of the incident that you mentioned, had that approach or procedure been in place, the—that owner may have been notified at the point of registering that used car that there was an open recall. So we think that merits some—that is worthy of merit.

Mr. OLSON. Thank you. I am out of time. I yield back.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. Chair recognizes the gentleman from Florida, Mr. Bilirakis, 5 minutes for your——

Mr. BILIRAKIS. Thank you——

Mr. BURGESS [continuing]. Questions, please.

Mr. BILIRAKIS [continuing]. Mr. Chairman. I appreciate it so very much, and thank the panel for their testimony.

Mr. Kennedy, can you verify that some cars that were previously recalled, and supposedly fixed, will have to be recalled again for a second airbag replacement?

Mr. KENNEDY. Yes, sir.

Mr. BILIRAKIS. Yes. Do you have any initial numbers on how many consumers are affected? If not, when will you know, and how will the consumers be notified?

Mr. KENNEDY. You mean consumers that would have had to bring their cars in twice?

Mr. BILIRAKIS. Correct.

Mr. KENNEDY. I don't have that information yet, sir. As I think Dr. Rosekind said, a lot of the OEM, a lot of the automakers, are still entering their VINs, and getting the quantities, and the exact vehicles. So, after that, it would be easier——

Mr. BILIRAKIS. How do you plan to notify the consumers?

Mr. KENNEDY. We are still working on that plan. As part of the consent, there was—we were given 60 days to develop this plan, and we certainly want to do it in conjunction with the automakers. We don't want to do something that is going to be at odds with the automakers. So we have, as I mentioned, a media firm that is familiar with these types of activities. We have some ideas on paper we are working, and we will certainly be reviewing those with NHTSA, and having NHTSA's involvement, as well as the automakers.

Mr. BILIRAKIS. So why weren't these issues dealt with the first time they were recalled? In other words, why—I don't—there is just no excuse. It is inexcusable, as far as I am concerned, but give me an answer.

Mr. KENNEDY. It is——

Mr. BILIRAKIS. Why weren't these issues dealt with the first time?

Mr. KENNEDY. It is a fair question, sir, and it is a difficult question. I think you have heard from a lot of different people today, it is an extremely complex issues. There are—when we first started seeing some issues back in 2005, we did national recalls on a large number of parts. And we thought we had identified root causes, we thought we had gotten everything from the field, we thought we are doing all the right things. And then we started seeing these sporadic issues in the field, and that is what led to the action that started last year.

So it has been very elusive to us, and it has been very, very difficult to get a consistent pattern that would tell us exactly what the root cause is——

Mr. BILIRAKIS. OK, Mr. Kennedy, let me—I have a couple more questions.

Mr. KENNEDY. OK.

Mr. BILIRAKIS. How can you possibly assure consumers, my constituents, the second replacement will be effective, and a third replacement will not be necessary?

Mr. KENNEDY. Well, on most——

Mr. BILIRAKIS. Could you assure my constituents that will be the case?

Mr. KENNEDY. I mean, on most of the replacement parts, as I said, they are going to be later designs, or from our competitors, when we are putting those in. There are still a few, and that is why, as part of the Consent Order, we are still testing the remedy parts to make sure that those are going to be sufficient for the life of the vehicle, and why we are continuing to test outside of the ranges of the recalls that were in the DIRs that were announced a couple of weeks ago.

So we are trying to cover that. I can't tell you right now that everything is done, but we are—we have anticipated that problem, and we have an agreement with NHTSA that allows us to continue to look at that. And if actions are required, we will take actions.

Mr. BILIRAKIS. OK. Since the first airbag inflator ruptured in 2004, it is true that Takada tested roughly 128 airbags from 2004 in—is that correct?

Mr. KENNEDY. I am not familiar——

Mr. BILIRAKIS. From 2004 to 2008, is that correct?

Mr. KENNEDY. Yes. I am not familiar with that number, sir. I can double check and——

Mr. BILIRAKIS. Please get——

Mr. KENNEDY [continuing]. Get back with you.

Mr. BILIRAKIS [continuing]. Back to me on that.

Mr. KENNEDY. Yes, I will.

Mr. BILIRAKIS. Do you believe that enough was done to investigate this issue and bring awareness to consumers on the potential risk and threat of defective airbags? Was enough done?

Mr. KENNEDY. On—you mean on those original ones?

Mr. BILIRAKIS. Yes, the original——

Mr. KENNEDY. Yes.

Mr. BILIRAKIS [continuing]. One.

Mr. KENNEDY. We were able to identify what we thought, and what our automaker customers thought, was a very solid root cause. We had manufacturing data, we had test data. We were able to recreate the problem. But, clearly, there was something else going on——

Mr. BILIRAKIS. Could more have been done?

Mr. KENNEDY. Again, I—you could probably always say more could be done, but what we did, we thought, and our automaker customers thought, was sufficient to get to root cause, and to take action, and that is what we did.

Mr. BILIRAKIS. Well, Mr. Bainwol—one last question, Mr. Chairman. Have any companies requested that Takata remove ammonium nitrate from the propellant formula used in the airbag inflators?

Mr. BAINWOL. That is an answer I don't know the answer to—question, and I will find out and report back.

Mr. BILIRAKIS. Please get back to us. Thank you very much. I yield back, Mr. Chairman.

Mr. BURGESS. Chair thanks the gentleman, gentleman yields back. Chair recognizes the gentleman from Oklahoma, Mr. Mullin, 5 minutes for your question, please.

Mr. MULLIN. Thank you, Mr. Chairman. Mr. Kennedy, you have—I have actually sat here and enjoyed watching you. You are very skillful on the way you approach the answers. I could probably take a lesson or two from that. But, at the same time, we just don't seem to be getting the answers. I mean, you can tell the frustration that this panel is getting. We have got a young lady that is sitting over your shoulder that is bearing the scars of a mistake that was made, and we are still not getting the answers. I mean, I am a business owner. I understand when we fell. I understand when we make a mistake.

Mr. KENNEDY. Um-hum.

Mr. MULLIN. But now what? What the solution was is we did a recall, and we replaced them with other things that were still faulty? There is no excuse for that. Zero. Maybe this panel is just looking to hear you say, we screwed up. But I know that is—cause legal issues for you all. But a screw up is a screw up. Taking blame is just that.

Mr. KENNEDY. Well, we——

Mr. MULLIN. Hey, we messed up. I mean, we heard just a while ago, who is going to be responsible for this. I don't know. What do you mean we don't know? Who made the product? Whose product was it? Whose name was on it? That is who should pay for it. I just wonder—I—I am sitting here thinking, well, OK, maybe that is why we haven't been moving very fast, because you haven't taken ownership of it.

At the same time, we have got—not telling how many vehicles are out there. More young ladies, or young men, are going to bear the scars again. Or worse than that, someone is going to not be able to finish out their life. What is that worth to you? How do you put a dollar amount on that? What if that was your daughter? I have got three at home. I can tell you what it is worth. Do you have a daughter?

Mr. KENNEDY. I have a daughter and a son.

Mr. MULLIN. And a son. Wouldn't you be pretty passionate about it? Wouldn't you want——

Mr. KENNEDY. Absolutely.

Mr. MULLIN [continuing]. The owner to be owning up to it, and say, we are going to do whatever it takes, we will take the responsibility for it?

Mr. KENNEDY. Yes, and we believe we——

Mr. MULLIN. But, you know—but, sir, you are still making what—we believe. 2004, we are in 2015. How long have you been making airbags?

Mr. KENNEDY. Since, I believe, 1987.

Mr. MULLIN. How many more studies do you need to have?

Mr. KENNEDY. As I said, and I think—I am not trying to be evasive. I mean, you have heard it from other people that have been involved in this, they are very smart people too. It is——

Mr. MULLIN. Evasive?

Mr. KENNEDY [continuing]. A very multifaceted issue that we do not——

Mr. MULLIN. Multifaceted. That is a great term to use. We use political terms here all the time. We know how to talk a little bit around in circles. We are looking for ownership.

Mr. KENNEDY. Well, we——

Mr. MULLIN. I understand it is complex. The product you make is very complex. I have been hit in the face with a few of them.

Mr. KENNEDY. Me, too.

Mr. MULLIN. Yes. Fortunately, I have survived. I understand the issue about—from impact to stopping you, the safety behind it, this can be complex, but a problem is a problem. It is not that complex. You do what it takes. You know, you have to figure out, OK, what is a life worth? Put a dollar amount on it? I don't know how you can.

Mr. KENNEDY. I don't know how you can either, sir——

Mr. MULLIN. You get it replaced.

Mr. KENNEDY [continuing]. And we certainly do not.

Mr. MULLIN. Instead you said that the complexity of it, we don't really know the makeup of it, but our competitors are finding out a product to replace. Your competitors?

Mr. KENNEDY. Well, we——

Mr. MULLIN. You guys—it sounds like, to me, you are willing to do anything but take ownership. Your competitors? I can't imagine sitting up here and saying, my competitor is going to fix my problem.

Mr. KENNEDY. Well, we were doing that in order to get parts in the field faster. Some of our competitors have products that——

Mr. MULLIN. You have known about it since 2004.

Mr. KENNEDY. Not to the level that we have here, sir. 2004——

Mr. MULLIN. You—in 2004 you identified there was a problem. You said that you could recreate the problem. You knew there was a problem.

Mr. KENNEDY. And we thought we had a root cause at that time too. We thought the——

Mr. MULLIN. Did you replace them?

Mr. KENNEDY [continuing]. Issue was closed. Yes. We initiated——

Mr. MULLIN. How did you track them down?

Mr. KENNEDY. Pardon me?

Mr. MULLIN. How did you track them down?

Mr. KENNEDY. We worked with the automakers that were involved.

Mr. MULLIN. But we still haven't got people notified.

Mr. KENNEDY. And that is a problem.

Mr. MULLIN. I mean, I——

Mr. KENNEDY. That is a huge problem.

Mr. MULLIN. I raise cattle, and if my cow, for some reason, I sell, and it ends up in California, and somehow ends up with mad cow disease, it is not born with a birth certificate, or a serial number, or——

Mr. KENNEDY. Right.

Mr. MULLIN [continuing]. Or a bar code, but yet we are able to track it all the way back to my farm.

Mr. KENNEDY. Right.

Mr. MULLIN. And we can't do that with an airbag?

Mr. KENNEDY. Well, we can tell you exactly what airbag we sent, and the OEMs—the automakers can tell you what vehicle it is in. The issue, for the most part, has been getting that recall rate back up.

Mr. MULLIN. No, it is the cost. I believe we already found the root of the problem. It is the cost.

Mr. KENNEDY. No, sir, I——

Mr. MULLIN. No one wants——

Mr. KENNEDY [continuing]. Disagree with that.

Mr. MULLIN [continuing]. To bear the cost.

Mr. KENNEDY. I disagree with that.

Mr. MULLIN. If we wanted to find the problem, you cannot convince me we couldn't find a solution. Except——

Mr. KENNEDY. We——

Mr. MULLIN [continuing]. We haven't even agreed on the panel that is in front of me who is going to pay for it. I think that is the root of the problem. Mr. Chairman, I yield back.

Mr. BURGESS. Chair thanks the gentlemen, gentleman yields back. The Chair recognizes the gentleman from Illinois, Mr. Kinzinger, 5 minutes for questions, please.

Mr. KINZINGER. Well, thank you, Mr. Chairman, and for the four of you, thank you for being here, and thanks for being willing to talk with us about these very important issues.

You know, at a December haring I asked our panel, which included BMW, Toyota, and Honda, if they agreed that sharing OEM part numbers and other identifiable information with the automotive recycling industry would help increase safety. They agreed, and expressed support for the efforts to improve methods to identify parts, and to share part numbers with recyclers. Earlier this year, in February, Transportation Secretary Fox stated that he also supports auto manufacturers providing part numbers to recyclers, and that, furthermore, manufacturers should provide this information in an easy to use format. The key here is that this approach would not require the creation of any new Government program or bureaucracy, but it is something that the industry should tackle on its own.

To Mr. Bozzella and Mr. Bainwol, it appears that we have a unique instance where regulators and industry seem to agree on an approach to address a problem in large part because everyone understands that sharing this information will improve safety. My question is this, if you know the answer, when and how do your members plan on making this information available to recyclers, and are you aware of any discussions in the industry to help share this information to improve safety? Mr. Bozzella? Yes, if you could go first?

Mr. BOZZELLA. Congressman, I am—I don't know the answer to your question. I will certainly go back to our members that were on the panel and get back to you.

Mr. KINZINGER. OK. And, Mr. Bainwol, do you have any——

Mr. BAINWOL. Likewise.

Mr. KINZINGER. OK. So, yes, if you guys could—because I understand that you may be unaware of the issue, if you could maybe get that information and follow up with my office, that would be helpful, as we continue to explore this issue going forward. I will ask you this, what can your organizations do to kind of help facilitate this, and to make something like this happen?

Mr. BOZZELLA. I will get—we will have a conversation within our association, and we will be able to get back to you after that point.

Mr. KINZINGER. OK, great.

Mr. BAINWOL. So I would simply note that this question of resolving, and getting expeditious recalls done, is an important priority for everybody, and we do view this as, as I said earlier, a shared responsibility, and we are willing to work with anybody to make sure we can get this job done as quickly as humanly possible.

Mr. KINZINGER. OK, great. Mr. Chairman, that is all the questions I have. If you would like my time, I can yield it to you, or I can yield back.

Mr. BURGESS. Will accept you yielding back——

Mr. KINZINGER. I yield back.

Mr. BURGESS [continuing]. And I thank the gentleman. The gentleman yields back. Chair recognizes Ms. Clarke.

Ms. CLARKE. Thank you, Mr. Chairman. I would like to request unanimous consent to submit a written statement of the American

Car Rental Association and the Consumers for Auto Reliability and Safety into the record.

Mr. BURGESS. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Ms. CLARKE. Thank you, sir.

Mr. BURGESS. I will recognize myself just for one follow up. And I dwelled a lot on the ammonium nitrate as a propellant, and this question really is for anyone. My prior life, I was a physician. I did work some in emergency rooms, and I remember airbag deployments with sodium azide, and I remember burns, and eye injuries, forearm burns, knee burns when the bag went off. But I also recall that there were environmental concerns about sodium azide, and Mr. Kinzinger brought up about salvage yards, and there was concern about this sodium azide just eventually getting into the environment.

So are there any other propellants that are being worked on? Is there, like, a—purely a gas propellant, carbon dioxide or something that can—or nitrogen, something that wouldn't have the characteristics—the explosive characteristics of ammonium nitrate, or the toxic characteristics of a sodium azide?

Mr. KENNEDY. Yes, sir, there are a wide variety of inflators out there. We call them cold gas inflators. They are just a cylinder that is filled with gas under high pressure, and you have a small ignitor that hits a little burst disc, and the gas comes out. There are some that we call hybrids that have gas, and then have a little bit of propellant that kind of heats it up. Usually it is not ammonium nitrate in most of them. Then there are alternate solid fuels out there, primarily guanidine nitrate is what most of the industry uses now, and what we are transitioning to.

We can provide all kinds of information, if you would like to take a look at—and some——

Mr. BURGESS. Well——

Mr. KENNEDY [continuing]. Are better in other applications than others.

Mr. BURGESS. What is the barrier for getting something that is less explosive than ammonium nitrate, and less toxic than sodium azide?

Mr. KENNEDY. You know, it really goes back to some of the tradeoffs that I was talking about earlier, size, weight, performance.

Mr. BURGESS. Cost?

Mr. KENNEDY. Well, and cost is certainly one of them too, yes. I mean, some of those gas inflators are bigger, so you—it is harder to get them in a steering wheel, for instance. So there are those kind of tradeoffs. But we can certainly provide any kind of information that you are interested in seeing.

Ms. CLARKE. I would appreciate you making that available to the subcommittee. I think that would be helpful to us.

Mr. KENNEDY. Very well, Chairman Burgess.

Mr. BURGESS. Well, seeing there are no further members wishing to ask questions, I do want to thank all of our witnesses for their participation in today's hearing. It has been a long one. Pursuant to committee rules, I remind members they have 10 business days to submit additional questions for the record. I ask the witnesses

submit their response within 10 business days upon receipt of those questions. And, without objection, subcommittee is adjourned.

[Whereupon, at 5:16 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

June 2, 2015

The Honorable Frank Pallone, Jr.
Ranking Member, Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20150

The Honorable Jan Schakowsky
Ranking Member, Subcommittee on Commerce, Manufacturing and Trade
U.S. House of Representatives
Washington, D.C. 20510

Dear Ranking Member Pallone and Ranking Member Schakowsky:

As representatives of the nation's leading consumer, public health, and safety organizations, we are writing in support of legislation you have introduced, the Vehicle Safety Improvement Act of 2015, H.R. 1181. This bill will give the National Highway Traffic Safety Administration (NHTSA) needed authority and additional resources to better fulfill its safety mission. It addresses critical gaps in our auto safety defects and enforcement system identified in Congressional hearings and by the media and exemplified by the recall of millions of vehicles for serious safety defects. For example, 2.6 million vehicles have been recalled due to the General Motors (GM) ignition switch defect, which has resulted in at least 109 deaths and 208 injuries, and 34 million vehicles recalled due to the Takata airbag defect responsible for at least six deaths and hundreds of injuries. Inadequate government oversight as well as corporate cover-ups by automakers and auto suppliers will continue to occur again and again unless NHTSA is given appropriate financial resources and statutory authorities to effectively protect the public as provided in H.R. 1181.

This bill would, among other things: give NHTSA the power to act quickly when a vehicle defect or non-compliance poses an imminent hazard; prohibit auto dealers from selling or leasing recalled used cars that have not been repaired; improve the transparency and quality of the information submitted to the NHTSA Early Warning Reporting Database, as well as its SaferCar.gov database; increase NHTSA's enforcement power by increasing the civil penalties cap; and, provide the agency sufficient funding commensurate with its vital work. Additionally, the bill eliminates regional recalls to protect all motorists throughout the country; requires NHTSA to establish standards for cars to reduce the number of injuries and fatalities suffered by pedestrians, bicyclists and other non-occupants of cars; and, requires that purchasers of used cars are provided information about the vehicle's damage and recall repair history. We commend your leadership on these issues and look forward to working with you to enact this critically important and overdue legislation.

Revelations about the failures of GM and Takata to identify and report deadly vehicle safety defects and conduct timely recalls brought a spotlight on inadequacies with NHTSA's investigation and recall process, consumer information, corporate and agency transparency, and paltry penalties to deter intentional cover-ups. In 2007, legislation with similar provisions was introduced in the aftermath of the Toyota sudden acceleration fiasco. Eight years have now passed without these serious problems being adequately addressed. We have the solutions and they are included in this bill. We urge the leaders of the House Energy and Commerce Committee to convene a hearing on this bill and advance this legislation to prevent needless deaths and injuries, to ensure corporate responsibility and to protect the safety of our families.

NHTSA's safety mission is one of the most important throughout government. Approximately 94 percent of transportation-related fatalities and 99 percent of transportation injuries occur on our streets and highways and yet, NHTSA receives only about one percent of the overall U.S. Department of Transportation budget. Additionally, since 1960, more than 610,000 lives have been saved by laws and programs that NHTSA

carries out. It is imperative that this small agency be given sufficient funds to effectively do its job. This legislation provides the revenues and resources for NHTSA to advance its safety mission.

The tragedies caused by the GM ignition switch defect and Takata defective airbags have once again sounded the alarm on lapses in procedures for identifying and disclosing safety defects and laws to deter corporate actions that result in deaths and injuries. Now is the time to enact The Vehicle Safety Improvement Act of 2015, H.R. 1181. When commonsense and cost-effective solutions are at hand, there are no acceptable excuses for delaying any longer the adoption of lifesaving laws, consumer protections, increased penalties for corporate misbehavior, strengthening NHTSA's authority and resources, and improved vehicle safety standards that can save lives and reduce injuries.

Sincerely,

Jacqueline Gillan, President
Advocates for Highway and Auto Safety

Joan Claybrook, President Emeritus,
Public Citizen and
Former NHTSA Administrator

Andrew McGuire, Executive Director
Trauma Foundation

Janette Fennell, Founder and President
KidsAndCars.org

Jack Gillis, Director of Public Affairs
Consumer Federation of America

Stephen W. Hargarten, MD, MPH
Society for the Advancement of Violence and Injury Research

Clarence M. Ditlow, Executive Director
Center for Auto Safety

Sally Greenberg, Executive Director
National Consumers League

John Lannen, Executive Director
Truck Safety Coalition

William Wallace, Policy Analyst
Consumers Union

Rosemary Shahan, President
Consumers for Auto Reliability and Safety

Jennifer Tierney, Board Member
Citizens for Reliable and Safe Highways

SUBMITTED WRITTEN STATEMENT

OF THE

AMERICAN CAR RENTAL ASSOCIATION

AND

CONSUMERS FOR AUTO RELIABILITY AND SAFETY

AT THE

HOUSE COMMITTEE ON ENERGY AND COMMERCE

SUBCOMMITTEE ON

COMMERCE, MANUFACTURING & TRADE

HEARING ENTITLED

"AN UPDATE ON THE TAKATA AIRBAG RUPTURES AND RECALLS"

June 2, 2015

Introduction

Good afternoon, Chairman Burgess, Ranking Member Schakowsky and Members of the Subcommittee on Commerce, Manufacturing & Trade. The American Car Rental Association (ACRA) and Consumers for Auto Reliability and Safety (CARS) respectfully submit this joint written statement as part of the Subcommittee's hearing entitled "An Update on the Takata Airbag Ruptures and Recalls." ACRA and CARS ask that this statement be made a part of the official record of the hearing.

ACRA is the national representative for over 98% of our nation's car rental industry. ACRA's membership is comprised of more than 300 car rental companies, including all of the brands you would recognize such as Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty. ACRA also has as members many mid-size, regional car rental companies as well as smaller, "Mom & Pop" operators. ACRA members have over two million registered vehicles in service, with fleets ranging in size from one million cars to ten cars.

CARS, based in Sacramento, California, is a national award-winning non-profit auto safety and consumer advocacy organization dedicated to preventing motor vehicle-related injuries, fatalities and economic losses. CARS has spearheaded promulgation of several federal motor vehicle safety standards, and successfully advocated for numerous landmark bills signed into law by Governors from both major parties. CARS has been working to enact safe rental car legislation in close collaboration with Cally Houck, whose two daughters were killed in a crash caused by a safety defect in an unrepaired rental vehicle that was under a safety recall.

ACRA and CARS applaud this Subcommittee for its interest in the Takata airbag and other recent automobile recalls. We have come together in an unusual partnership of an industry trade group and a consumer safety organization to urge Congress to pass the "Raechel and Jacqueline Houck Safe Rental Car Act," which was recently introduced as bipartisan legislation in the House and Senate and has been referred to this Subcommittee. We believe that passing this bipartisan bill is one important step that Congress can and should take immediately to help get unsafe recalled vehicles off the roads.

The Car Rental Industry and Consumer Safety

In 2004, Raechel and Jacqueline Houck were killed by a rental car that had been recalled due to a defective steering component that was prone to causing an under-hood fire and a loss of steering. The car had been rented to them prior to being repaired. The legislation named in their memory, the "Raechel and Jacqueline Houck Safe Rental Car Act" (H.R. 2198/S. 1173), was introduced in the House and the Senate on May 1, 2015. The House bill is sponsored by Reps. Lois Capps (D-CA), Walter Jones (R-NC), G.K. Butterfield (D-NC) and Jan Schakowsky (D-IL). The Senate bill is sponsored by Sens. Charles Schumer (D-NY), Barbara Boxer (D-CA), Claire McCaskill (D-MO), and Bill Nelson (D-FL).

The Safe Rental Car Act would prohibit rental companies from renting or selling cars subject to a federal safety recall unless they have been repaired. The only exception to this rule would be if the manufacturer identified an interim measure that could be taken while the permanent repair was being developed that would eliminate the risk. Once the permanent repair becomes available, however, the car must be grounded until the repair is made.

ACRA and CARS worked very hard to develop a legislative proposal that is supported by consumer safety organizations and the rental car industry. The bill fairly balances the public's interest in safety with the rental car industry's business model. It represents a reasoned, rational compromise that is effective, and also workable, given the realities of the auto rental marketplace.

From the industry's point of view, properly maintained vehicles in the rental industry are paramount. It's about trust – between customers and the individual businesses of ACRA members. Customers should have confidence that their rental is not the subject of a recall and the legislation provides that confidence.

From a consumer safety point of view, it is just common sense that rental cars subject to safety recalls should be repaired before they are put into the hands of consumers and their families. People who are renting vehicles need them right away, for a business trip, vacation or sometimes in an emergency. There is no time to take a rental car to get repaired. And consumers expect that the car they are renting is safe. Most people are shocked to learn that it isn't already illegal, under federal law, to rent out an unrepaired recalled vehicle.

Important Safety Provisions of S. S. 1173/H.R. 2198

- Timing of Notice and Grounding

  S. 1173/H.R. 2198 define the timeframe in which rental companies need to ground the vehicles after receiving the safety recall notice. There is a period of time the companies need in order to receive the notice and successfully lock down the appropriate vehicles. The bills call for the vehicles to be grounded within 24 hours of receiving the safety recall notice. In the situation of a particularly large recall – one that affects more than 5,000 vehicles for one company, the lock down timeframe is 48 hours.

- Interim Remedy

  The only exception under S. 1173/H.R. 2198 to the "do not rent" requirement is when the manufacturer has issued a safety recall and has not developed the permanent repair, but offers a temporary fix – or interim remedy – that eliminates the safety risk. If the rental car company performs the interim remedy, then the car may continue to be rented. Once the permanent repair is offered by the manufacturer, the vehicle must be pulled from service and permanently repaired before being re-rented.

- Car Sales From Rental Fleets

  The American car rental industry is the largest single purchaser of cars from domestic and foreign car manufacturers every year. The industry, in turn, sells a large number of cars each year through retail and wholesale channels. S. 1173/H.R. 2198 require that rental car companies permanently repair any safety recall to any vehicle prior to selling that vehicle – either through retail or wholesale markets. The only exception to this requirement is when a vehicle has been so severely damaged that it will only be sold for parts, the rental company does not need to perform the recall work.

Federal versus State Role

This is a critical national issue and deserves a national solution. The motor vehicle safety recall process is overseen by the National Highway Traffic and Safety Administration (NHTSA) and has its origins in the Federal Motor Vehicle Safety Act, originally enacted in 1966. Therefore, ACRA and CARS believe strongly that major changes to rental vehicle safety recall procedures should be made by Congress, rather than individual states. Rental cars are an integral part of interstate commerce and car rental customers cross state borders in rental vehicles at will and with the blessing of the renting companies.

CARS agreed with the rental car companies to join together in support of this legislation in order to create a uniform federal standard, rather than pursuing legislation on a state-by–state basis. California

Senator Bill Monning, who represents the district where the tragic crash occurred that claimed the lives of Raechel and Jacqueline Houck, agreed to forestall pursuit of state legislation he authored beginning in 2010, in order to allow Congress time to address the problem nationally.

As attention to vehicle safety recalls remains squarely in the public spotlight, policy makers at the local, state and federal level are understandably eager to address safety concerns. There have been several initiatives at various levels of government to particularly address safety recalls concerning the rental industry. No two proposals are the same. ACRA and CARS believe a patchwork of state and local laws would be disruptive to consumers and the car rental industry since rental cars regularly are rented in one state and driven and left in another. In addition, these state and local proposals create challenges because each attempts to address a regulatory process that is controlled and overseen by a federal agency (NHTSA). ACRA and CARS are united in our conviction that rental car safety should be addressed on the federal level.

Conclusion

As the supporters of S. 1173 and H.R. 2198 continue to talk to members of Congress and their staff in support of this legislation, ACRA members are often asked why the car rental industry is willing to accept new federal regulation of the industry's practices. The response to that is easy. After listening to customers, ACRA engaged and became part of the process. The end result is a proposal that will provide car rental customers additional assurance that the vehicles they rent are safe and provides the car rental industry with a uniform federal standard across the country.

ACRA and CARS urge Congress to enact this bill, named for Raechel and Jacqueline. It is beyond your power to bring them back to life, but the fate of others who rent vehicles to visit their parents, take a vacation, or go on a business trip -- or share the roads with them – rests squarely in your hands.

As a first step toward enactment, we respectfully request that this Subcommittee hold a hearing on the Raechel and Jacqueline Houck Safe Rental Car Act, to hear first-hand from the stakeholders why now is the time to pass this critical safety legislation.

Thank you for providing ACRA and CARS with the opportunity to submit this statement.

TAKATA AIRBAG INFLATOR RUPTURES: TIMELINE OF EVENTS

May 2004	A driver's airbag inflator ruptured in Alabama in a 2001 Honda Accord.
Summer 2004	Takata conducted an "urgent experiment" on airbags at its Auburn Hills, Michigan facility at the request of NHTSA to investigate an incident involving an airbag cushion tear. Takata claimed that the incident was unrelated to an inflator rupture and instead involved an abrasion on the inside cover of the cushion that required additional fabric to fix. In late 2004, Honda notified NHTSA that it would conduct a recall to address the issue.
June 2005	Takata received photographs depicting the 2004 ruptured airbag inflator incident. A visual inspection of the photographs determined that the rupture was an anomaly. Takata did not perform any physical tests on inflators at that time.
May - August 2007	Honda reported three accident reports to Takata involving driver side airbag inflator ruptures.
Mid to Late 2007	Takata began testing approximately 42 inflators acquired from the field to find a root cause of the ruptures. No problems were detected. Takata found that all inflators were designed within specification and performed properly.
2007	Takata experimented with "specially fabricated prototypes" to try alternative inflator designs. Experiments were unsuccessful and resulted in broken inflators. These experiments were eventually shut down.
Late 2007 to September 2008	Takata tested approximately 86 more airbag inflators.
September 2008	Takata verified that a pressing operation problem at its Moses Lake, Washington facility produced potentially defective propellant. Takata determined that the defective propellant was produced from 2000 – 2002.
November 2008	Honda launched a safety recall (08V-593) for 4,000 vehicles globally (3,940 in the U.S.) equipped with potentially defective propellant in driver's airbag inflators.
May 27, 2009	A driver side airbag inflator ruptured in a 2001 Honda Accord in Oklahoma. The death of the driver was linked to the rupture.
June 9, 2009	Honda was notified of another driver's airbag inflator rupture.
June 23, 2009	Honda initiated another safety recall (09V-259) to expand the VIN range for vehicles recalled in November 2008 following notice from Takata that more inflators in driver side airbags were potentially defective. Honda recalled 510,000 vehicles globally (440,000 in the U.S.).
November 2, 2009	NHTSA opened an investigation (RQ09-004) to evaluate the scope and timeliness of Honda's two recalls.
December 24, 2009	An airbag inflator exploded in a 2001 Honda Accord in Richmond, Virginia. The death of the driver was linked to the rupture.

February 9, 2010	Honda initiated another recall (10V-041) due to lingering uncertainty about the manufacturing processes of the inflator propellant and uncertainty about which vehicles may have received potentially defective replacement parts in driver side airbags. Honda recalled 437,000 vehicles globally (379,000 in the U.S.).
May 6, 2010	NHTSA closed its investigation into Honda, finding that there was "insufficient information" to determine that Honda failed to make timely defect decisions in its 08V-593 and 09V-259 recalls.
April 21, 2011	Honda launched a safety recall (11V-260) to capture approximately 2,430 defective replacement service part inflators that could have been installed in driver side airbags in vehicles covered in prior recall expansions. Honda recalled 896,000 vehicles globally (833,277 vehicles were recalled in the U.S.).
Mid to Late 2011	Takata was notified of airbag inflator ruptures occurring in scrapyards in Japan by salvage operations conducting "end-of-life" recycling processes on expired vehicles.
December 1, 2011	Honda expanded recall 11V-260 due to an inflator manufacturing record discrepancy. This recall included 273,419 vehicles in the United States. Outside of the U.S. approximately 304,000 vehicles were recalled to find defective driver side airbag inflators installed as replacement parts.
October 2012	Takata's ongoing testing of returned inflators showed that inadequate compression of the propellant wafers, exposure to uncontrolled environmental conditions, and the aging of the propellant were possible causes to the ruptures.
November 2012	Takata had been notified of three additional accidents involving ruptured airbag inflators in the U.S. - two in Puerto Rico and one in Maryland. The Maryland vehicle had previously been operated in Florida for eight years.
February -March 2013	Takata confirmed that inadequate compression of the propellant wafers and the inflator's exposure to certain environmental conditions could cause the passenger side airbag inflator to rupture upon airbag deployment. The compression problem stemmed from improper operation of the "auto-reject" feature on a machine at its Moses Lake, WA facility. This feature failed to identify and reject propellant wafers with inadequate compression. The exposure to uncontrolled environmental conditions stemmed from improper storage of the propellant wafers at a Takata facility in Monclova, Mexico.
April 5, 2013	Takata acknowledged being aware of six total incidents involving ruptured inflators.
April 11, 2013	Takata submitted a Defect Information Report to NHTSA notifying the agency of a potential defect in certain passenger side airbag inflators.
	Mazda initiated a national safety recall (13V-130) due to defects in passenger side airbag inflators as reported by Takata. Mazda recalled approximately 149 vehicles.
	Honda initiated a national safety recall (13V-132) due to defects in passenger side airbag inflators as reported by Takata. Honda recalled approximately 561,422 vehicles.

	Toyota initiated a national safety recall (13V-133) due to defects in passenger side airbag inflators as reported by Takata. Toyota recalled approximately 844,277 vehicles.
	Nissan initiated a national safety recall (13V-136) due to defects in passenger side airbag inflators as reported by Takata. Nissan recalled approximately 438,302 vehicles.
May 5, 2013	BMW initiated a safety recall (13V-172) due to defects in passenger side airbag inflators as reported by Takata. BMW recalled approximately 220,000 vehicles globally (42,080 were recalled in the U.S.).
September 3, 2013	A reported airbag inflator rupture in California in a 2002 Acura TL was linked to the death of the driver.
January 2014	Takata and Honda met with NHTSA to discuss prior recalls related to the defective airbag inflators.
May 2014	Following reports of six ruptures occurring in Puerto Rico and Miami, Florida in both passenger and driver frontal airbags, Takata met with NHTSA to discuss the issue further. Given the geographic location of the incidents, humidity was thought to be a factor.
Beginning of June 2014	NHTSA called Takata requesting its support for a regional field action to collect, inspect, test and investigate both passenger side and driver side airbag inflators from high absolute humidity regions to determine the root cause of the ruptures. The regional field action targeted Gulf Coast regions including Florida, Hawaii, Puerto Rico, and the U.S. Virgin Islands. Separately, Takata found that its production records and its methodology used to determine the recall range of cars recalled in 2013(for passenger side airbag inflators) due to improper manufacturing processes may have been inadequate or incomplete.
June 10, 2014	Toyota launched a safety recall (14V-312) (a reissued recall of vehicles it recalled in 2013) to fully replace, rather than inspect, all passenger airbag inflators in 844,277 U.S. vehicles due to Takata's disclosure that its records were inadequate and/or incomplete. Globally, Toyota recalled 2.27 million vehicles.
June 11, 2014	Takata issued a letter to NHTSA stating its support for the requested regional field action. NHTSA also opened a formal Preliminary Evaluation into airbag inflator ruptures (PE14-016).
June 13, 2014	NHTSA held a conference call with vehicle manufacturers requesting their participation in the regional field action.
June 19, 2014	Nissan launched a Regional Safety Improvement Campaign (SIC) (14V-340) at the request of NHTSA to collect passenger inflator parts from Gulf regions (FL, HI, PR, VI) to determine the root cause of the ruptures and whether humidity was a contributing factor. Approximately 29,998 Nissan vehicles were subject to this campaign.
	Ford launched a Regional SIC (14V-343) per NHTSA's request to collect both driver and passenger inflator parts from Gulf regions (FL, HI, PR, VI). Approximately 58,669 Ford vehicles were subject to this campaign.

	Mazda launched a Regional SIC (14V-344) per NHTSA's request to collect both driver and passenger inflator parts from Gulf regions (FL, HI, PR). Approximately 47,188 Mazda vehicles were subject to this campaign.
June 20, 2014	BMW launched a Regional SIC (14V-348) per NHTSA's request to collect driver inflator parts from Gulf regions (FL, HI, PR, VI). Approximately 11,600 BMW vehicles were subject to this campaign.
	Honda launched a national safety recall (14V-349), expanding its 2013 recall to capture additional vehicles that may have a defective passenger side inflator following Takata's disclosure earlier in the month that its records were inadequate and/or incomplete in determining the VIN range of vehicles affected by the poorly manufactured inflator propellant. Approximately 988,440 vehicles were recalled in this campaign.
	Toyota launched a Regional SIC (14V-350) per NHTSA's request to collect passenger inflator parts from Gulf regions (FL, HI, PR, VI). At the time of the launch, Toyota did not know how many vehicles were affected by this campaign because it was awaiting airbag module serial numbers from Takata.
	Honda launched a Regional SIC (14V-351) per NHTSA's request to collect driver inflator parts from Gulf regions and other high absolute humidity climates (including FL, HI, PR, VI, AL, GA, LA, MS, SC, TX). Approximately 2,803,214 Honda vehicles were subject to this campaign.
	Honda launched another Regional SIC (14V-353) per NHTSA's request to collect passenger inflator parts from Gulf regions and other high absolute humidity climates (FL, HI, PR, VI, AL, GA, LA, MS, SC, TX). Approximately 698,288 Honda vehicles were subject to this campaign.
	Chrysler launched a Regional SIC (14V-354) per NHTSA's request to collect both driver and passenger inflator parts from Gulf regions (FL, HI, PR, VI). Approximately 371,309 vehicles were subject to this campaign.
	Mazda launched a national safety recall (14V-362), expanding its 2013 recall to capture additional vehicles that may have defective passenger side inflators following Takata's disclosure earlier in the month that its records were inadequate and/or incomplete in determining the VIN range of vehicles affected by poorly manufactured inflator propellant. Mazda identified 18,050 potentially affected vehicles in this expanded recall.
June 24, 2014	Nissan launched a national safety recall (14V-361), expanding its 2013 recall to capture additional vehicles that may have defective passenger side inflators following Takata's disclosure earlier in the month that its records were inadequate and/or incomplete in determining the VIN range of vehicles affected by poorly manufactured inflator propellant. Nissan identified 226,326 potentially affected vehicles in this expanded recall.
July 7, 2014	Subaru launched a national safety recall (14V-399) for cars equipped with defective passenger side inflators caused by inadequate compaction force of the propellant and possible moisture exposure during inflator production. Subaru recalled 8,557 vehicles.

July 11, 2014	Mitsubishi launched a Regional SIC (14V-421) per NHTSA's request to collect passenger side inflator parts from Gulf regions (FL, HI, PR, VI). Approximately 11,985 Mitsubishi vehicles were subject to this campaign.
July 16, 2014	BMW launched a national safety recall (14V-428), expanding its 2013 recall to capture additional vehicles that may have defective passenger side inflators following Takata's disclosure in June that its records were inadequate and/or incomplete in determining the VIN range of vehicles affected by poorly manufactured inflator propellant. BMW recalled 573,935 in the U.S. and 1.6 million vehicles worldwide.
August 1, 2014	Subaru launched a Regional SIC (14V-471) per NHTSA's request to collect passenger side inflator parts from Gulf regions (FL, HI, PR, VI). Approximately 8,959 Subaru vehicles were subject to this campaign.
August 2014	A driver side airbag inflator rupture occurred in a 2007 Ford Mustang in North Carolina – outside of the designated high absolute humidity region.
October 2, 2014	An airbag inflator ruptured in a 2001 Honda Accord in Orlando, FL and was linked to the driver's death.
October 20, 2014	Toyota launched a Regional SIC (14V-655) per NHTSA's request to collect passenger's inflator parts from Gulf regions (FL, HI, PR, VI). There were 247,000[1] Toyota vehicles subject to this campaign.
October 30, 2014	Nissan re-launched a Regional SIC (14V-701) per NHTSA's request to collect passenger side inflator parts from Gulf regions (PR, VI, Guam, Saipan, FL, Southern GA, AL, LA, MS, TX)
	NHTSA issued a Special Order requiring Takata to provide documents and answer questions about the agency's ongoing investigation into Takata airbags.
November 3, 2014	NHTSA orders Honda to provide documents and answer questions about the agency's ongoing investigation into Takata airbags.
November 4, 2014	Honda launches a Regional Safety Recall (14V-700) superseding its Regional SIC 14V-353. Approximately 807,599 vehicles were subject to this campaign.
November 6, 2014	The *New York Times* reported that Takata destroyed the results of tests showing cracked inflators. Takata refuted this claim.
November 12, 2014	Takata told *Reuters* it modified the chemical composition of its propellant but acknowledged that it was still using ammonium nitrate.
November 13, 2014	A fifth reported death that occurred on July 27th in Malaysia is linked to an airbag inflator rupture in a Honda City compact car. Honda subsequently recalled 170,000 vehicles in Asia and Europe.

[1] *This includes approximately 98,000 GM vehicles that are designed by Toyota and sold by GM.*

November 18, 2014	NHTSA called for a National Safety Recall of certain vehicles (Honda, Ford, Mazda, BMW, and Chrysler) with potentially defective driver's airbag inflators produced prior to 2008 due to the inflator rupture that occurred in a 2007 Ford Mustang in North Carolina - outside of the designated high absolute humidity area. NHTSA also issued a Special Order to Takata demanding information about the propellant composition in the inflators. It also issued a General Order to automakers impacted by the Takata recalls demanding information about the methods and results of testing on Takata inflators outside of the regional recall areas.
November 24, 2014	Honda submitted a response to NHTSA's November 3rd Special Order acknowledging its failure to notify the agency about 1,729 claims of injuries and deaths related to accidents in its vehicles, including those with Takata airbags.
November 25, 2014	Mitsubishi launched a Regional Safety Recall (14V-700) superseding its Regional SIC 14V-421. Approximately 22,259 vehicles were subject to this recall.
November 26, 2014	NHTSA sent a Recall Request Letter to Takata formally demanding that it acknowledge the existence of a defect and issue a national recall for driver's side airbag inflators
December 2, 2014	Takata responds to NHTSA's Recall Request Letter refusing to conduct a national recall and determine the existence of a safety defect in driver side inflators because the current information available did not support a nationwide determination of a safety defect.
	Chrysler (FCA) launched a Regional Safety Recall (14V-770) superseding its Regional SIC (14V-354). Approximately 420,564 vehicles were subject to this recall.
December 3, 2014	Commerce, Manufacturing, and Trade Subcommittee held an oversight hearing with witnesses from Takata Corporation, Toyota, Honda North America, BMW of America, and NHTSA.
December 5, 2014	Reponses to NHTSA's Special Order to Takata and General Order to the OEMs dated November 18, 2014 were due.
December 12, 2014	Ford launched a Regional Safety Recall (14V-787) expanding its Regional SIC 14V-343. Approximately 40,952 vehicles were subject to this recall.
December 19, 2014	Ford launched a National Safety Recall (14V-802) partially superseding its Regional SIC 14V-343. Approximately 462,911 vehicles were subject to this recall.
December 24, 2014	Chrysler (FCA) launched a National Safety Recall (14V-817) expanding its Regional SIC 14V-354. Approximately 2,908,790 vehicles were subject to this recall.
December 2014	A group of OEMs led by Honda, Toyota and Ford created the Independent Testing Coalition (ITC) and later contracted with Orbital ATK to test the defective inflators separate from the testing that Takata is preforming at its facilities. The ITC selected former NHTSA Acting Administrator David Kelly to lead the investigation. As of May 2015, the ITC had not tested any inflators.

January 8, 2015	NHTSA fines Honda $70 million for failing to report deaths, injuries and certain warranty claims to NHTSA, which was in violation of the TREAD Act.
January 18, 2015	A sixth reported death occurred in Houston, TX that is linked to a driver side airbag inflator rupture in a 2002 Honda Accord. The vehicle was covered under a 2011 recall for driver side inflators but had not been fixed.
February 20, 2015	NHTSA imposed a civil penalty of $14,000 per day against Takata for failure to meet the obligations required under the October 30, 2014 and November 18, 2014 Special Orders.
February 24, 2015	NHTSA updated its preliminary investigation to an "Engineering Evaluation."
February 25, 2015	Takata agreed to a Preservation Order imposed by NHTSA that requires Takata to preserve certain information related to the inspection, testing, and analysis of returned or recalled inflators. Takata also agreed to submit a written protocol detailing how it would execute the requirements of the Preservation Order.
March 16, 2015	Honda launched a National Safety Recall (15V-153) expanding its Regional SIC 14V-351. Approximately 88,549 vehicles were subject to this recall.
April 17, 2015	Nissan launched a Regional Safety Recall (15V-226) expanding its previous Regional Safety Recall 14V-701. Approximately 45,000 vehicles were subject to this recall.
April 23, 2015	Takata's written protocol detailing how it will comply with the Preservation Order is published by NHTSA.
May 15, 2015	Nissan launched a National Recall (15V-287) expanding two previous recalls – 14V-701, launched October 30, 2014, and 15V-226, launched April 17, 2015. Approximately 263,692 vehicles were subject to this recall.
May 18, 2015	Takata filed four Defect Information Reports (15E-043, 15E-042, 15E-041, and 15E-040) acknowledging a defect exists in certain models of frontal driver side airbag inflators (PSDI, PSDI-4, PSDI-4K) and passenger side airbag inflators (SPI, PSPI, and PSPI-L). Takata identified a total of 17.6 million driver side inflators installed in vehicles in the U.S. as defective. It identified 16.2 million defective passenger side inflators installed in vehicles in the United States.
May 19, 2015	NHTSA announced Takata's acknowledgment of a defect in certain airbag inflators and the corresponding Consent Order that requires Takata to cooperate with all future regulatory actions that NHTSA undertakes. This Consent Order ended the $14,000 per day fines that NHTSA imposed on Takata in February. NHTSA's VIN lookup tool on its website does not have the newly recalled vehicles listed.

May 22, 2015	NHTSA publishes a notice of intent to open a coordinated remedy program proceeding for the replacement of defective Takata airbag inflators with BMW, Chrysler, Daimler, Ford, GM, Honda, Mazda, Mitsubishi, Nissan, Subaru, and Toyota. This is the first coordinated remedy program undertaken by NHTSA.[2]
May 27, 2015	Chrysler (FCA) launched a voluntary safety recall (15V-312) expanding a previous recall related to Takata passenger side SPI inflators. Approximately 438,156 vehicles are subject to this recall.
	Chrysler (FCA) launched an expanded voluntary safety recall (15V-313) for defective driver-side PSDI-4 inflators. Approximately 4,066,732 vehicles are subject to this recall.
May 28, 2015	BMW converts its national improvement campaign (14V-348) to a voluntary national recall (15V-318) for vehicles containing defective driver side PSDI-4 inflators. This increased BMW's affected vehicle population from 140,696 to 420,661.
	Ford launched a voluntary safety recall (15V-322) for vehicles equipped with defective passenger side SPI inflators. Approximately 361,523 vehicles are subject to this action. This expands on a previous recall, 14V-787.
	Mitsubishi launched a voluntary safety recall (15V-321) expanding on a previous recall (14V-752) for vehicles equipped with defective passenger side SPI inflators. Approximately 82,784 vehicles are subject to this recall.
	Subaru launched a National Safety Recall (15V-323) for defective SPI passenger side inflators. Approximately 81,100 vehicles were subject to this recall.
	GM launched a National Safety Recall (15V-324) for defective SPI passenger side inflators. Approximately 330,198 vehicles were subject to this recall.
May 29, 2015	Nissan submitted a notification letter to NHTSA stating that all Nissan vehicles equipped with defective SPI inflators are subject to ongoing recalls and that no additional vehicles were impacted by Takata's defect acknowledgement. Consequently, no further action is required by Nissan.
June 2, 2015	Commerce, Manufacturing, and Trade Subcommittee held a second oversight hearing on the Takata inflator recalls with witnesses from NHTSA, Takata, Global Automakers, Alliance of Automobile Manufacturers, and the ITC.

[2] 80 FR 29791, https://www.federalregister.gov/articles/2015/05/22/2015-12449/notice-of-intent-to-open-a-coordinated-remedy-program-proceeding-for-the-replacement-of-certain.

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June 22, 2015

The Honorable Mark Rosekind
Administrator
National Highway Traffic Safety Administration
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

Dear Administrator Rosekind,

Thank you for appearing before the Subcommittee on Commerce, Manufacturing, and Trade on Tuesday, June 2, 2015, to testify at the hearing entitled "An Update on the Takata Airbag Ruptures and Recalls."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions by the close of business on Monday, July 6, 2015. Your responses should be e-mailed to the Legislative Clerk in Word format at **Kirby.Howard@mail.house.gov** and mailed to Kirby Howard, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, D.C. 20515.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,

Michael C. Burgess
Chairman
Subcommittee on Commerce,
Manufacturing, and Trade

cc: Jan Schakowsky, Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade

Attachment

U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and Trade
June 2, 2015 Hearing:
"An Update on the Takata Airbag Ruptures and Recalls"
NHTSA Administrator Mark R. Rosekind, Ph.D.

Additional Questions for the Record

The Honorable Michael C. Burgess

1. Are all the VIN numbers of affected vehicles subjected to the Takata airbag inflator defects announced May 19th now publically accessible on NHTSA's safercar.gov website? If not, when can we expect all the information to be posted? What vehicle manufacturers have not yet provided this information to NHTSA? What is NHTSA doing to expedite the collection of this information?

   RESPONSE: Yes, all vehicle identification numbers (VIN) for currently affected vehicles with Takata air bag inflators are publicly accessible through NHTSA's VIN lookup tool on safercar.gov. The auto manufacturers have loaded the VINs of the affected vehicles into their recall system databases and consumers can use NHTSA's VIN lookup tool to search those databases.

2. Dr. Rosekind, you testified that "clarity for consumers is critical." Why did NHTSA publically announce the recall before it collected the VIN numbers from automakers of the affected vehicle population? What could NHTSA do differently so consumers could have more information when such a big headline is created?

   RESPONSE: Takata reported the inflator defect to NHTSA on Monday, May 18 and NHTSA announced Takata's defect declaration publicly on Tuesday, May 19. This important safety information could not be withheld from the public knowing that they were at risk. NHTSA simultaneously announced Takata's defect declaration publicly, and launched a consumer-oriented Takata microsite on safercar.gov that is updated in real time to provide consumers with information as soon as NHTSA receives it. Manufacturers gathered the needed VIN numbers within a few weeks and NHTSA ensured the information was available to consumers as soon as it was provided.

   a. Is there anything that prevents NHTSA from making its announcement at a time when consumers can know if they are impacted?

      RESPONSE: Over 15 million consumers had vehicles already subject to Takata air bag recalls at the time that Takata declared a defect. NHTSA's May 19 announcement addressed these known vehicles, and millions more that contained a potentially fatal safety-critical element. The health and safety of the American public demanded that NHTSA tell the public what was known as soon as possible, and without undue delay.

3. Please explain in detail the type of oversight NHTSA is or will be conducting over Takata's testing. Please also provide the names of the individuals at NHTSA (or those who have been independently contracted) who will be conducting this oversight. When will the oversight begin?

   RESPONSE: Prior to the May 19 announcement of the Consent Order, NHTSA had access to testing data from Takata, the Independent Testing Consortium, and other testing being conducted by auto manufacturers. All of this testing had been focused primarily on determining the root cause of ruptures. NHTSA reviewed findings, made unscheduled visits to test facilities to review data and procedures, and was collecting results from all testing sources. After the May 19 announcement and under the terms of the Consent Order, Takata was required to propose a plan to provide NHTSA with test data regarding the service life and safety of the remedy inflators no later than July 17, 2015. Takata must also continue to provide NHTSA all test results and data relating to the recalled inflators. The Consent Order gives NHTSA the ability to direct Takata's testing to focus on both the recalled inflators and those being used as remedy parts. NHTSA is evaluating the Takata testing data that has been provided to date, and will determine what additional testing Takata must undertake. NHTSA's Office of Vehicle Safety will oversee Takata's testing with assistance from individuals across the agency and an expert consultant with many years of experience designing and testing inflators. Additionally, NHTSA has begun its own testing regime whose first objective is to verify Takata's findings.

4. Has NHTSA begun coordinating the prioritization of replacement parts? If not, when will it begin?

   RESPONSE: Yes, NHTSA has begun coordinating the prioritization of replacement parts.

   a. In the interim, what is happening with the replacement parts produced by Takata as NHTSA prepares to serve as coordinator? Are they being distributed to automakers?

      RESPONSE: NHTSA is coordinating the recall of the defective Takata airbags to ensure that those consumers most at risk will receive replacement parts first. Although we do not yet know the root cause behind the Takata air bag ruptures, we do know that the defect is a product of time and exposure to high absolute humidity. NHTSA's goal is to ensure that those vehicles that have been exposed to high absolute humidity for longer periods of time receive a replacement part as quickly as possible. While some of Takata's replacement parts will have to be replaced at a later date, they provide a better interim remedy until a permanent replacement part becomes available. Each affected automaker has been obtaining replacement parts from one or more suppliers. Some automakers are utilizing Takata replacement parts, a portion of which will require a further replacement at a later time; others are utilizing replacement parts produced by suppliers other than Takata.

   b. When will NHTSA be able to produce a timeline that shows public outreach campaigns and replacement part availability for the nation?

RESPONSE: NHTSA has already started meeting with manufacturers and suppliers and will continue to do so throughout July and August to determine the availability of replacement parts for prioritized areas and vehicles that are most at risk. Additionally, pursuant to the Consent Order, Takata is required to submit a plan to maximize recall completion rates for all recalls involving Takata air bag inflators no later than July 17. Takata will prepare a plan for each of the affected vehicle manufacturers without regard to the supplier of the remedy parts. Assuming the affected manufacturers and suppliers provide the information requested by NHTSA through July and August that will be used to develop the replacement plan, NHTSA will hold a hearing or other event in the early Fall to outline the replacement campaign.

5. Dr. Rosekind, you testified that some of the replacement parts are only an interim remedy. Is NHTSA encouraging automakers to tell dealers to warn customers that some of the replacement parts are only an interim remedy?

   RESPONSE: Yes, NHTSA has encouraged automakers to inform both their dealers and their customers of the interim nature of the replacement parts where applicable and to take proactive steps to ensure that they maintain contact with those owners and that the owners know how to stay informed and when to return for a final remedy.

6. What conversations is NHTSA having with automakers about the continued use of these types of ammonium nitrate inflators?

   RESPONSE: NHTSA has exchanged and will continue to exchange information with automakers and tier one suppliers regarding the current and planned design and manufacture of replacement inflators as part of its coordinated remedy process. These discussions are ongoing and the Consent Order now provides a mechanism to be sure testing also focuses on the effectiveness of the remedy.

7. Are vehicle manufacturers providing completion rate data to NHTSA on recalls related to Takata airbag inflator defects? If not, has NHTSA requested that information from vehicle manufacturers?

   RESPONSE: Yes, manufacturers are providing completion rate data to NHTSA on recalls related to Takata air bag inflator defects; and NHTSA will continue tracking these data closely.

8. Dr. Rosekind, you testified that at least 29 different things, including process improvements and other changes, have been made since December 2014 to improve the internal processes at NHTSA. Please list the changes you have made and what measurable difference has been observed from those adjustments or what you expect to see.

   RESPONSE: NHTSA continuously seeks to enhance our processes and procedures, as demonstrated by the attached list of process improvements and our recently published Path

Forward report. The list of process improvements continues to grow and now includes 45 distinct actions implemented and initiated. Also, the recently formed Risk Control and Innovations Program leaders will apply the process improvements agency-wide. The measurable difference falls into the following general categories:

- Improved Oversight;
- Enhanced Training;
- Improved Tracking and Documentation;
- Improved Information Collection;
- Collaboration and Assessment;
- Tougher Enforcement;
- Improved Outreach to Customers.

9. Prior to the Consent Order, did NHTSA conduct any direct oversight of Takata's testing and/or examine the adequacy of the remedy Takata and affected vehicle manufacturers were proposing? If so, what were NHTSA's observations of the testing and adequacy of the remedy? If not, why did it not conduct oversight of the testing or evaluate the adequacy of the remedy?

   RESPONSE: Prior to the Consent Order, NHTSA received Takata test results for returned inflators on a monthly basis and worked to determine risk level based on inflator type and geographic location. NHTSA also visited a Takata testing facility on multiple occasions, including unannounced visits. However, all of this testing had been focused primarily on determining the root cause of ruptures. That changed under the terms of the Consent Order. Now, NHTSA has the ability to direct Takata's testing to focus on both the recalled inflators and those being used as remedy parts. Takata must continue to provide NHTSA all test results and data relating to the recalled inflators, but must also propose a plan to provide NHTSA with test data regarding the service life and safety of the remedy inflators no later than July 17, 2015.

10. Dr. Rosekind, you testified that NHTSA had identified "meaningful pieces" of information in an ongoing review of the 2.4 million documents Takata submitted to the agency. What are those "meaningful pieces" of information?

    RESPONSE: Takata has submitted 3.3 million documents to date. NHTSA is reviewing each of these documents carefully for information that will help determine whether Takata's actions, or inactions, constitute violations of the National Traffic and Motor Vehicle Safety Act. The information NHTSA is extrapolating from these documents will enable us to determine what Takata knew about the use of ammonium nitrate in their air bag inflators, when they knew it, and when Takata determined that there was a safety-related defect.

11. Dr. Rosekind, you testified that due to the Consent Order, NHTSA will be in the "driver's seat" to direct testing. What deficiencies or gaps have you identified in testing to date?

    RESPONSE: Prior to the Consent Order, the focus of testing was determining the root cause of ruptures and not on adequacy of the remedy. The Consent Order changed all that – NHTSA is now focusing the inquiry on the solution. Under the terms of the Consent Order,

Takata must propose a plan to provide NHTSA with test data regarding the service life and safety of the remedy inflators no later than July 17. NHTSA is reviewing all currently available data and information, and will critically evaluate both Takata's and our own testing plans.

a. What new or different tests will NHTSA be performing?

RESPONSE: NHTSA is evaluating a different non-destructive technique to measure inflators. This technique may shorten the preliminary screening process and yield a higher throughput for ballistic testing. More testing is planned once the initial phase is completed.

b. How many inflators will be tested?

RESPONSE: Currently NHTSA has 400 inflators planned for Phase One testing. Results of this testing will further assist NHTSA in verifying the work that Takata has conducted.

c. When will the testing be completed?

RESPONSE: Phase One testing will be completed by the end of July 2015. NHTSA is reviewing all currently available data and information, including Takata's testing plan and our own testing plan, to identify deficiencies and gaps that may require further testing.

d. Who will be conducting the tests?

RESPONSE: NHTSA has a subcontract with Battelle, through the Transportation Research Center, to conduct testing.

12. Does NHTSA have any reports on record of airbags inflators rupturing in the field in the 1990s that contained ammonium nitrate?

RESPONSE: NHTSA is unaware of any reports alleging a 1990s vintage ammonium nitrate based inflator rupture.

13. Is NHTSA aware of any other Takata inflator type, beyond those listed in the Consent Order, that has been the basis for a safety recall in the last 5 years due to the inflator's susceptibility to moisture intrusion, which could lead to an abnormal airbag deployment? If so, please provide the inflator type and the recall ID number.

RESPONSE: All Takata inflator types that NHTSA is aware of that could lead to an abnormal air bag deployment from moisture intrusion are listed in the Consent Order.

14. Dr. Rosekind, you testified that the recalls affecting two passenger inflators (PSPI and PSPI-L) are expected to be national. When will that nationwide recall expansion occur?

RESPONSE: All Takata air bag recalls are already national.

a. In Takata's DIRs, it indicated that the expansion will be based on further testing and analysis. Has that further testing and analysis already been conducted to support the expectation that a national recall will happen? If so, what did the testing and analysis show? When was it conducted?

RESPONSE: All Takata air bag recalls are already national recalls.

15. When can consumers expect to get a replacement inflator on the passenger side that is not subject to deterioration over time?

RESPONSE: NHTSA will examine remedy launch estimates and timing as part of the coordinated remedy process, and we will inform affected consumers once that information is known. It is unlikely that all passenger side inflator replacements for the millions of vehicles under recall will be available at the same time, therefore phasing (possibly by vehicle age, inflator type and/or vehicle residency) may be necessary.

16. Please provide an outline of the coordinated remedy program plan detailing when NHTSA plans to meet with suppliers, what suppliers NHTSA will be meeting with, when the joint meetings with suppliers and automakers will take place, and when the public meeting will happen in the fall.

RESPONSE: NHTSA reached out to the affected manufacturers and suppliers to set up group and individual meetings, and the first of these meetings took place on July 1. NHTSA has contacted six suppliers: ARC, Autoliv, Daicel, Key Safety, Toyoda Gosei, and TRW. Assuming the affected manufacturers and suppliers provide the information requested by NHTSA through July and August that will be used to develop the replacement plan, NHTSA will hold a hearing or other event in the early Fall to outline the replacement campaign.

17. Please provide the names of all the individuals in the group overseeing the logistics of the coordinated remedy program.

RESPONSE: I personally plan to oversee the coordinated remedy program with assistance from members of NHTSA's Office of Defects Investigation, Office of the Chief Counsel, and other individuals across the agency.

18. When was the contract signed with Batel to conduct testing? What is the testing plan that was agreed to? When will the testing be completed? How many tests will be conducted?

RESPONSE: NHTSA awarded a testing contract to Transportation Research Center (TRC) on May 4, 2015. TRC has a subcontract with Battelle to conduct the tests. We initiated a multi-phase approach to develop and verify test procedures for non-destructive inspection and ballistic testing. In the first phase, Battelle is conducting non-destructive inspection and ballistic testing of 400 inflators from Takata. We plan to complete this effort in late July 2015. We will determine additional phases of testing after data analysis.

19. When a potential defect in a vehicle has been called to the attention of either the Office of Defect or the Office of Special Crash Investigations, what steps are made by NHTSA to seek out the root cause of the potential defect if one has not been identified?

    RESPONSE: In addition to obtaining information from the affected vehicle manufacturer or supplier, NHTSA also employs field inspections, testing, consumer surveys, statistical analyses, peer comparisons, and other methods of determining root cause.

    a. Does NHTSA rely solely on information and data received by the maker of the potentially defective part or does NHTSA conduct its own separate analysis to confirm or disprove the existence of a defect?

       RESPONSE: No, NHTSA conducts its own analysis, including collecting additional information and verifying information from manufacturers.

    b. Please explain the process by which NHTSA determines the existence of a motor vehicle safety defect and requires the affected original equipment manufacturers to conduct a safety recall. Please explain how NHTSA used this process with respect to the defective Takata airbag inflators.

       RESPONSE: Most safety defect decisions are made by vehicle and equipment manufacturers without NHTSA's influence. However, over the last 10 years, NHTSA has conducted 1,060 defect investigations that influenced 1,889 safety recalls. As NHTSA does not have imminent hazard authority, it relies on its defect investigation process to build a body of evidence to support a defect determination decision.

       With respect to defective Takata inflators affected by long term exposure to high absolute humidity, NHTSA opened an investigation (PE14-016) on June 11, 2014 after identifying 6 incidents of inflator rupture, 3 of which were in NHTSA's database and 3 that were provided by Takata and Toyota. This investigation was upgraded to an Engineering Analysis (EA15-001) and is still open. NHTSA's investigation will remain open until the agency has evaluated the full spectrum of Takata inflators containing ammonium nitrate-based propellant, including current Takata replacement inflators. Please see the enclosed copies of the investigation resumes that contain further explanation.

The Honorable Mike Pompeo

1. Given recent interest in flame retardants in juvenile products and studies showing they have no utility, have you given any thoughts to exempting car seats from having to meet FVMSS 213 since the car is already treated with extensive FR? Does this need to be done legislatively or can it be done through regulation?

RESPONSE: Requiring car seats to be flame resistant serves a safety need. In 2013, NHTSA extensively reviewed the safety and health effects of its flammability requirements for child car seats. NHTSA's review supported continued application of this safety standard.

About 194,000 vehicle fires occur annually in the U.S., resulting in 300 fatalities and 1,250 injuries. Of these, 20 fatalities and 25 injuries involve children 0-5 years old. Most vehicle fire incidents do not result in death or injury. This is partly due to materials in the vehicle, such as seat cushions and upholstery, being required to meet FMVSS 302, slowing the spread of a fire and affording occupants critical time to exit the vehicle. FMVSS 302 is the Federal Motor Vehicle Safety Standard that establishes the flammability resistance requirements, and the child car seat standard (FMVSS 213) incorporates the requirements of FMVSS 302.

NHTSA continues to monitor this issue. If a change to existing requirements is merited, NHTSA can address it in a rulemaking.

The Honorable Jan Schakowsky

1. In November 2014, Honda released the results of an independent audit showing that the company failed to report more than 1,700 claims or notices concerning injuries or deaths, including eight claims involving Takata airbag ruptures. Honda attributed the underreporting to coding errors and an overly narrow interpretation of the Early Warning Reporting (EWR) requirements. In 2004-2005, GM received—but shelved—consumer complaints and field reports about keys being turned during operation and vehicles losing power.

   The Vehicle Safety Improvement Act (VSIA) would strengthen early warning reporting by requiring manufacturers to submit all consumer complaints that might result from defects. The bill would also require manufacturers to include information about fatalities possibly caused by defects, including an assessment of why each incident may have occurred.

   a. In its report, reviewing its actions regarding GM's ignition switch failure, NHTSA discussed improving EWR reporting, is that correct?

      RESPONSE: Yes, NHTSA identified methods to improve reporting in our Path Forward document. Additionally, the Inspector General made 17 recommendations in its June 18, 2015 report, 9 of which relate to EWR. NHTSA has concurred with all 17 OIG recommendations and is committed to addressing each one by June 30, 2016.

   b. In what specific ways can the current EWR requirements be strengthened? Under the VSIA, NHTSA would get more information and more information would be made public. Is that what you mean?

   c. What specific steps is NHTSA taking, independent of Congressional action, to improve Early Warning Reporting?

      RESPONSE 1b and 1c: VSIA, if enacted as currently drafted, would result in more information coming to NHTSA and being made publicly accessible. NHTSA is already taking steps to improve our early warning reporting (EWR) program; we conducted a candid self-assessment of the EWR program and identified areas of improvement in the Path Forward document, including the 9 Inspector General

recommendations related to EWR. NHTSA will provide more clarity to manufacturers about the EWR requirements, and will assist manufacturers as they implement best practices to comply with their obligations.

2. You have spoken before about NHTSA's need for additional resources to fulfill its auto safety mission. If NHTSA had additional resources, exactly how those resources would be used? In which divisions would you increase staff and budget allocation? How would additional resources affect consumer safety?

RESPONSE: NHTSA has provided the following technical assistance to Committee staff on our FY 2016 budget request for increased funding needs for the safety defects investigations program:

Additional FTE for Safety Defects Investigation

NHTSA needs an additional $4.446 million more to fund an additional 28.5 FTE for the Office of Safety Defects Investigation (ODI). The ODI has 8 defect screeners and 4 Early Warning Reporting (EWR) data analysts to identify potential safety defects, and 16 investigators to conduct formal investigations. The additional FTE would be used to process and analyze additional data collected from consumer complaints. Use of data mining software will increase the volume and quality of the information ODI receives, and ODI needs additional FTE to analyze the data. This funding would also support the technical training needs of the office.

ODI would apply the additional 28.5 FTE for the following programs (note that each new employee is counted as ½ FTE for this purpose):

- **Trend Analysis – This is a new office**. NHTSA would use an additional 2 FTE as follows: 2 statisticians and 2 data analysts with experience in standard data analysis and statistical software. This new division would be responsible for overarching, macro trend analysis of all ODI data, other NHTSA databases, and external data sources, with special attention to input from NHTSA's Office of Vehicle Safety Research to identify near term and potential future risk associated with emerging technology. This division would also provide data analysis support to the investigative divisions allowing them to maintain focus on their primary mission.
- **Field Investigation and Testing – This is a new office**. NHTSA would use an additional 4 FTE as follows: 4 engineers and 4 field investigators. The staff would be cross-trained in ODI basic procedures to act as supplemental staff when needed for surges in demand. This request responds to a recommendation of the OIG. This new division would be responsible for conducting field investigation of specific vehicles involved in a crash, fire, or some other consequence of an alleged defect.
- **Certified Project Manager – This is a new position**. NHTSA would use an additional 0.5 FTE for a newly created position. This position would provide, develop and implement a project management approach to ODI investigations, act as the ODI lead for conducting internal, triennial program assessments to capture lessons learned and best practices both internal and external, and apply them where appropriate. The new position would also serve as the information technology system project manager

for ARTEMIS, CIF and any other systems investment that serves ODI lines of business.

- **Early Warning Reporting (EWR)** – There are currently 4 staff in the EWR Office. NHTSA would use an additional 3.5 FTE as follows: 1 mathematical statistician to perform statistical analyses of EWR aggregate data and to perform complex queries on an ad hoc basis as needed; 2 data analysts to perform EWR reporting compliance audits and support data analysis requests in support of open investigations; and 4 safety defect specialists to query all of the EWR looking for potential defect trends including conducting inquiries on 100 percent of all death claims.
- **Vehicle Control** – There are currently 6 staff in the Vehicle Control Office. NHTSA would use an additional 3.5 FTE as follows: 6 engineers to conduct investigations; 1 investigation coordinator to assist with investigation content control, complainant follow up, public file integrity, and to act as a liaison with the FOIA and Communications office, and other coordination functions.
- **Vehicle Integrity** – There are currently 7 staff in the Vehicle Integrity Office. NHTSA would use an additional 3.5 FTE as follows: 6 engineers to conduct investigations; 1 investigation coordinator to assist with investigation content control, complainant follow up, public file integrity, and to act as a liaison with the FOIA and Communications office, and other coordination functions.
- **Defects Assessment** – There are currently 9 staff in the Defects Assessment Office. NHTSA would use an additional 4 FTE as follows: 1 field investigator primarily responsible for conducting local vehicle inspections and dealer site visits, 3 engineers, 1 tire specialist, 1 child passenger safety specialist, and 2 safety defects specialists trained to query and analyze consumer complaints and all available data sources to identify potential safety defect.
- **Recall Management** – There are currently 8 staff in the Recall Management Office. NHTSA would use an additional 3 FTE as follows: 3 program analysts to improve throughput of the growing number of safety recalls and quarterly reports; 2 engineers to conduct recall query investigations concerning scope and remedy adequacy; and 1 safety defects specialist to conduct audits of manufacturers' recall administration.
- **Medium and Heavy Duty Vehicle and Motorcycle** – There are currently 8 staff in the Medium and Heavy Duty Vehicle and Motorcycle Office. NHTSA would use an additional 1 FTE as follows: 1 engineer with experience in crash avoidance technologies to address new and emerging technologies; 1 safety defects specialist with experience in motorcycle design and operation.
- **Correspondence Research** – There are currently 6 staff in the Correspondence Research Office. NHTSA would use an additional 3.5 FTE as follows: 3 writers to prepare responses to incoming correspondence and 1 technical editor with automotive expertise. NHTSA also seeks to add a new branch with 3 staff to address Data Integrity and Records Management shortcomings identified by power users of our public website, the Office of the Inspector General (OIG), and the National Archives and Records Administration.

Safety Defects Investigation Program

NHTSA needs $31.26 million for ODI program costs. This is $21.56 million more than the FY 2015 enacted funding level. The requested increase would enable ODI to improve its effectiveness in identifying safety defects quickly, ensuring remedies are implemented promptly, and informing the public of critical information in an effective manner.

In FY 2016 the Safety Defects Investigation program expects to undertake consumer awareness and outreach campaigns, and continue to improve its public interfaces. A large portion of the data that NHTSA receives about defects in vehicles comes directly from the consumer.

The Safety Defects Investigation program needs to improve its public messaging so that this important source of safety data—consumer input—can be used more effectively. With the additional resources requested, NHTSA would develop and implement a consumer awareness campaign similar to some of NHTSA's better-known safety campaigns addressing seat belts and drunk driving. We expect this campaign to increase the number and quality of safety defect complaints, and increase awareness and responsiveness to recalls. At the same time, the Safety Defects Investigation program would continue to make progress in improving the look, feel and utility of the NHTSA consumer website. The FY 2016 request would enable NHTSA's defects investigation program to improve consumer access to safety information and to further simplify the process for filing defect complaints.

3. The massive scale of the Takata recall has left consumers confused—and manufacturers unsure as to whether Takata can produce replacement parts quickly and safely enough to satisfy demand. In addition, given NHTSA's plan to prioritize repairs in certain parts of the country where the risk of injury or death from the defects is higher, some consumers likely will be unable to have inflators remedied right away.

    a. Do you agree that auto dealers should not be able to loan out cars that are under an existing safety recall without first remedying the defect or non-compliance?

    b. Do you agree that it is not the consumer's responsibility to ensure that a loaner vehicle is safe and not subject to a recall?

    c. Would you support legislation prohibiting auto dealers from providing loaner vehicles with an open safety recall until the defect or non-compliance is remedied?

    RESPONSE 4a, b and c: Yes. Rental and used car dealerships should have the same recall remedy obligations as new car dealers. The GROW AMERICA Act would provide NHTSA with statutory authority to require rental car companies and dealers selling, leasing or renting new and used motor vehicles to remedy defective and noncompliant vehicles before they can make them available for rental, sale or lease to the general public.

    d. Has NHTSA done an analysis and determined that it is safer to drive a car with an airbag subject to a recall than to have the airbag turned off until a replacement airbag is available and if so, is the determination the same for all recalled cars whether the recall is for a driver, passenger, or both airbags?

RESPONSE 4d: Disabling an air bag increases risk for the consumer. Disabling the passenger side air bag is only acceptable if no one will sit in the front passenger seat while the air bag remains disabled. The risk to consumers of disabling their air bags increases because now there is zero protection. Air bags save lives. In 2013, 2388 lives were saved from frontal air bags and from 1987 to 2013, 39,886 lives were saved from frontal air bags.

FRED UPTON, MICHIGAN
CHAIRMAN

FRANK PALLONE, JR., NEW JERSEY
RANKING MEMBER

ONE HUNDRED FOURTEENTH CONGRESS

Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115
Majority (202) 225–2927
Minority (202) 225–3641

June 22, 2015

Mr. Kevin M. Kennedy
Executive Vice President of North America
Takata Holdings Incorporated
2500 Takata Drive
Auburn Hills, MI 48326

Dear Mr. Kennedy,

Thank you for appearing before the Subcommittee on Commerce, Manufacturing, and Trade on Tuesday, June 2, 2015, to testify at the hearing entitled "An Update on the Takata Airbag Ruptures and Recalls."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions by the close of business on Monday, July 6, 2015. Your responses should be e-mailed to the Legislative Clerk in Word format at **Kirby.Howard@mail.house.gov** and mailed to Kirby Howard, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, D.C. 20515.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,

Michael C. Burgess
Chairman
Subcommittee on Commerce,
Manufacturing, and Trade

cc: Jan Schakowsky, Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade

Attachment

[Mr. Kennedy's answers to submitted questions have been retained in committee files and also are available at *http://docs.house.gov/meetings/IF/IF17/20150602/103546/HHRG-114-IF17-Wstate-KennedyK-20150602-SD005.pdf.*]

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June 22, 2015

Mr. David Kelly
Project Director
Independent Testing Coalition
P.O. Box 523172
Springfield, VA 22152

Dear Mr. Kelly,

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Sincerely,

Michael C. Burgess
Chairman
Subcommittee on Commerce,
Manufacturing, and Trade

cc: Jan Schakowsky, Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade

Attachment

[Mr. Kelly did not answer submitted questions for the record by the time of printing.]

FRED UPTON, MICHIGAN
CHAIRMAN

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Minority (202) 225–3641

June 22, 2015

Mr. Mitch Bainwol
President and CEO
Alliance of Automobile Manufacturers
803 7th Street, N.W., Suite 300
Washington, D.C. 20001

Dear Mr. Bainwol,

Thank you for appearing before the Subcommittee on Commerce, Manufacturing, and Trade on Tuesday, June 2, 2015, to testify at the hearing entitled "An Update on the Takata Airbag Ruptures and Recalls."

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Michael C. Burgess
Chairman
Subcommittee on Commerce,
Manufacturing, and Trade

cc: Jan Schakowsky, Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade

Attachment

[Mr. Bainwol did not answer submitted questions for the record by the time of printing.]

FRED UPTON, MICHIGAN
CHAIRMAN

FRANK PALLONE, JR., NEW JERSEY
RANKING MEMBER

ONE HUNDRED FOURTEENTH CONGRESS

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Minority (202) 225-3641

June 22, 2015

Mr. John Bozzella
Chief Executive Officer
Global Automakers
1050 K Street, N.W., Suite 650
Washington, D.C. 20001

Dear Mr. Bozzella,

Thank you for appearing before the Subcommittee on Commerce, Manufacturing, and Trade on Tuesday, June 2, 2015, to testify at the hearing entitled "An Update on the Takata Airbag Ruptures and Recalls."

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Sincerely,

Michael C. Burgess
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cc: Jan Schakowsky, Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade

Attachment

GlobalAutomakers

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July 6, 2015

The Honorable Michael C. Burgess
Chairman, Subcommittee on Commerce,
Manufacturing, and Trade
2125 Rayburn House Office Building
Washington, D.C. 20515-6115

Dear Chairman Burgess:

Thank you for your June 22, 2015 letter and questions on issues related to the Commerce, Manufacturing and Trade Subcommittee hearing on the recall of Takata airbag inflators. I appreciated the invitation to appear as a witness during this June 2, 2015 hearing as well as the opportunity to respond to these additional questions for the record of that hearing from you and Ranking Member Schakowsky.

Should you have any further questions, please contact my staff directly. Paul Ryan, Senior Director of Government Affairs, can be reached by phone at (202) 650-5554 or by email at pryan@globalautomakers.org.

Thank you for your leadership on this and other issues before the Commerce, Manufacturing, and Trade Subcommittee. I and my staff are happy to assist you and your colleagues whenever you think we may be helpful.

Sincerely,

[redacted]

John Bozzella
President and Chief Executive Officer

cc: Jan Schakowsky, Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade

Attachment

Additional Questions for the Record

The Honorable Michael C. Burgess

1. **What kind of inspection do automakers conduct on supplier parts incorporated into vehicles as original equipment?**

   All of our members have rigorous quality control processes and mechanisms. Global Automakers is not in a position to discuss individual inspection practices of manufacturers and their suppliers.

2. **When will your member companies stop allowing inflators of a similar chemical composition into their cars?**

   To this date, no root cause has been determined with regard to the defective Takata airbags. The affected auto manufacturers have joined together to form the Independent Testing Coalition (ITC) to conduct an independent and comprehensive investigation of the technical issues associated with Takata airbag inflators. The affected manufacturers will use results from this effort along with other available data to make decisions about airbag system designs for their vehicles.

3. **Takata has repeatedly emphasized that this long-term phenomenon of exposure to high absolute humidity was outside the scope of testing prescribed by the vehicle manufacturers. Are manufacturers now including this phenomenon as a specification in the validation process?**

   Global Automakers does not have access to internal supply specifications and other manufacturer-specific proprietary information related to air bag components.

4. **From the automakers perspective, how long will it take for all cars to be remedied? Are automakers recommending that consumers disable affected passenger side airbags until replacement parts are available?**

   Our members are working diligently to make sure all recalled airbags are removed from vehicles as quickly as possible. They are working with alternative suppliers to Takata. They are taking actions well beyond their statutory requirements to contact consumers affected by the recall. Currently Global Automakers knows of no companies that are recommending air bag disablement.

5. **It's been several months and no root cause has been identified. At what point do vehicle manufacturers think they should stop using Takata airbags altogether and use parts from another supplier if a root cause is not (and potentially cannot) be identified?**

   NHTSA, Takata, individual manufacturers and the Independent Testing Coalition (ITC) are all involved in analyses to determine a root cause. As such, the affected manufacturers will continue to review the data as it becomes available and make individual decisions based upon the facts.

6. **Is it normal practice for NHTSA to announce a recall to the public before notifying affected automakers?**

   The majority of recalls are initiated voluntarily by manufacturers, and NHTSA often makes announcements that a manufacturer is initiating a recall. In the case of a NHTSA determined recall, there is a regulatory process that the agency follows that includes making an Initial Decision about the basis for a proposed recall, notifying the manufacturer about the Initial Decision to allow manufacturer input, and then, if appropriate, making a Final Determination.

<u>The Honorable Jan Schakowsky</u>

1. **For the current recall, testing conducted by NHTSA, Takata, and automakers has shown that it often takes 7-12 years for the inflator defects to manifest. Takata has stated numerous times that it has not yet determined the root cause of its airbag inflator ruptures. As a result, Takata is replacing some inflators with newer versions of the same, potentially defective, model.**

   a. **If some or all replacement inflators prove defective or it is unclear whether the replacements are safe, will your member companies commit to conducting another recall, regardless of Takata's actions?**

      Our companies are committed to removing any airbag inflators, including replacements, if the replacements are determined to have a safety-related defect.

   b. **Have any of your member companies specifically requested replacement inflators manufactured by other suppliers? If so, which companies and for which make, model, and year?**

      Several affected companies have made public announcements that they are using other suppliers in addition to or instead of Takata to replace recalled airbag inflators. Global Automakers is not in a position to discuss individual relationships between manufacturers and their suppliers.

   c. **Have any of your member companies chosen to use other suppliers' products to replace defective Takata inflators? If so, which companies, and for which make, model, and year?**

      Several affected companies have made public announcements that they are using other suppliers in addition to or instead of Takata to replace recalled airbag inflators. Global Automakers is not in a position to discuss individual relationships between manufacturers and their suppliers.

d. Have any of your member companies insisted that replacement inflators contain a propellant other than ammonium nitrate? If so, which companies and what chemical is being requested?

Global Automakers does not have access to internal supply specifications and other manufacturer-specific proprietary information related to particular propellants.

e. Are any of your member companies willing to provide a replacement inflator from a supplier other than Takata if a consumer requests it? If so, which companies?

Our member companies are committed to ensuring the safety of consumers, and the top priority for the auto manufacturers is removing and replacing the recalled airbag inflators. Several companies have made public announcements that they are using other suppliers in addition to or instead of Takata to replace recalled airbags.

f. Have any of your member companies received reports of malfunctioning replacement parts? If so, please list the company that received the reports and the make and model of the vehicles and types of inflators that were the subject of the reports.

Global Automakers is not aware of any such reports or malfunctions. We believe the affected companies are reporting regularly to NHTSA and would be providing this information to the agency if they learned about any new reports regarding malfunctioning replacement airbags.

g. Have any of your members issued "do not drive" warnings regarding any vehicles with defective Takata airbags? If not, why not?

Global Automakers does not have specific knowledge of facts underlying the reasons companies do or do not issue "do not drive" warnings; each company's decision is based on individual analysis of the specific situation and the best information available.

h. Is it your position that rental car companies should be allowed to rent recalled cars to the public before the defect or noncompliance is remedied unless the manufacturer has issued a "do not drive" warning?

The members of Global Automakers all recognize the importance of remedying defects - those in the hands of fleets and in the hands of individuals - as soon as possible.

2. The current Takata recall now involves nearly 34 million cars made by 11 automakers, making it the largest and most complex auto recall ever conducted. The sheer volume of vehicles, the complexity of handling a recall across 11 manufacturers, and the multiple rounds of regional recalls leading up to this point have led to substantial consumer confusion.

a. **What specific steps are your member companies taking to address consumer confusion relating to the multiple rounds of Takata recalls?**

Member companies are taking extraordinary, unprecedented measures to communicate with their customers. They are distributing multiple rounds of recall notices. They are using multiple platforms such as special company websites, express mail, advertising, social media, or electronic communications. They are working in coordination with NHTSA to make sure all information released regarding the Takata recalls is accurate and consistent.

b. Are your member companies reporting any difficulties in acquiring up-to-date or accurate information from Takata? Please explain.

Global Automakers does not have access to manufacturer-specific information related to communications with Takata.

c. What specific steps are your member companies taking to ensure auto dealers have up-to-date information and are able to answer consumers' questions?

Our members are working closely with their dealer networks to ensure that dealers have the knowledge and capacity to service vehicles with open recalls. Most importantly, manufacturers provide dealers with the capability to review VIN-specific information that allows dealers to communicate with customers about recalls that may affect their vehicles.

d. How do your member companies plan to reach consumers who have already replaced their airbags but may need to do so again?

In addition to meeting or exceeding federal recall notification requirements, our members will continue to use the measures outlined above to reach all consumers and potential affected vehicle owners.

e. At the hearing, Takata explained that there are new cars being sold today with the soon-to–be-discontinued PSDI inflators. Is it possible for a consumer to know at the time of purchase of new or used cars which type of inflator is in a car? The consumer would then be on the lookout for the recall notice. Will your member companies make that information available at the time of purchase?

Global Automakers is not in a position to discuss individual practices of the affected companies.

3. Following the December hearing, a number of automakers agreed on the record that sharing identifying information about recalled parts with the automotive recycling industry would help increase safety. A number of automakers noted that information about recalled defective parts are available via subscription with service bulletins and other service information.

a. Are the subscription services that include service bulletins and other service information available free of charge or must a parts recycler pay a fee to subscribe or otherwise access that information?

Manufacturer service/technical communications and repair procedures concerning recalls, including information about affected parts (when a recall involves a specific

part) are provided to NHTSA and placed on the agency's recall page for each individual recall. This information is readily available and free of charge. Manufacturers also provide access, with some charging a nominal fee, for additional service and repair information to owners and the aftermarket on their service websites.

b. If such information is not available free of charge, why not?

This information is already available to the public free of charge under the current system.

c. Do you support the establishment of a system to ensure that this information is made available to the public free of charge?

This information is already available to the public free of charge under the current system.

d. If a consumer goes to a junk yard to buy a part to fix his or her car, how will she know if that part is subject to recall if the junkyard owner does not have that information?

To ensure the safety of all drivers and passengers, salvaged airbags and airbag components should never be used as replacement parts, regardless of whether the parts have been subject to a recall or not. This is because there is no valid data demonstrating that salvaged airbags and components will or can be made to work properly in a subsequent collision. Numerous factors can compromise the ability of a salvaged airbag or salvaged airbag component extracted from a "total loss" or other vehicle to operate properly. The salvaged airbags, regardless of outward appearance, may have been subject to excessive water exposure, such as flood damage, or improperly extracted, handled or stored. It is also possible that the salvaged airbag or component may not be appropriate for the particular vehicle – for example the coupe and sedan versions of a certain model may appear the same, but have differences in the design of similar components. These differences in design can affect the operation of the airbag. In sum, proper performance cannot be assured when salvaged airbags and airbag components are re-installed in other vehicles. With the exception of actual deployment of the airbag module, there currently is no test to confirm that a salvaged airbag will deploy as intended to provide the occupant the necessary protection in a crash.

With regard to the sale of other recycled parts, it should be noted that the majority of vehicle parts do not contain specific part numbers stamped on them and may not have other specific identifying information. In addition, NHTSA's vehicle recall system is based on Vehicle Identification Numbers (VINs). Using a vehicle's VIN, it is possible to identify whether the vehicle is subject to any outstanding recalls by using either the lookup tool on NHTSA's Safercar.gov website, or consulting the manufacturer's website. This provides a means for a salvage yard owner to obtain information on whether or not the product is subject to recall, and they should provide that information to their customers.

4. A June 8, 2015, article in the Detroit News cited a joint letter sent by the Alliance of Automobile Manufacturers and Association of Global Automakers to NHTSA, asking

the agency to initiate "intensive public awareness campaign about the importance of recall participation by consumers." Please submit that letter as well as any additional supporting information.

The letter is attached.

5. **The massive scale of the Takata recall has left consumers confused—and manufacturers unsure as to whether Takata can produce replacement parts quickly and safely enough to satisfy demand. In addition, given NHTSA's plan to prioritize repairs in certain parts of the country where the risk of injury or death from the defects is higher, some consumers likely will be unable to have inflators remedied right away.**

   a. **Will your member companies make 'loaner cars' available to owners of recalled cars when there are not enough replacement kits available and will they be free of charge?**

      Global Automakers is not in a position to discuss individual practices of the affected companies. It has been publicly reported that affected companies are making loaner cars available based on the needs of the vehicle owner. .

   b. **Will your member companies notify customers that the loaner car they are driving may be subject to a safety recall?**

      Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loaner cars directly to customers; this is done through dealerships, which are independent businesses.

   c. **Can you commit that your member automakers will not loan out cars subject to this recall without first having those loaner cars repaired to ensure that the loaner cars will be safe and not susceptible to the same inflator risks?**

      Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loaner cars directly to customers; this is done through dealers. However, manufacturers request that dealers make necessary recall repairs prior to making them available to customers..

   d. **Do you agree that auto dealers should not be able to loaner out cars that are under an existing safety recall without first remedying the defect or non-compliance?**

      Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loaner cars directly to customers; this is done through dealers. However, manufacturers request that dealers make necessary recall repairs prior to making them available to customers.

   e. **What steps do your member companies take to ensure that their dealers do not provide consumers with loaner cars that are subject to a safety recall?**

      Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loan cars directly to customers; this is done through dealers. However, manufacturers request that dealers make necessary recall repairs prior to making them available to customers.

Do you agree that it is not the consumer's responsibility to ensure that a loaner vehicle is safe and not subject to a recall?

Global Automakers is not in a position to discuss individual practices of the affected companies. Manufacturers do not provide loaner cars directly to customers; this is done through dealers. We believe that manufacturers request dealers to make necessary recall repairs prior to making them available to customers.

f. Would you support legislation prohibiting auto dealers from providing loaner vehicles with an open safety recall until the defect or non-compliance is remedied?

We are happy to work with the committee to determine if such legislation is necessary and appropriate.

AUTO ALLIANCE
DRIVING INNOVATION℠

GlobalAutomakers

May 29, 2015

The Honorable Mark Rosekind, Ph.D.
Administrator
National Highway Traffic Safety Administration
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

RE: Retooling Recalls
NHTSA Docket 2015-0038

Dear Administrator Rosekind:

The Alliance of Automobile Manufacturers, Inc.[1] ("Alliance") and the Association of Global Automakers, Inc.[2] ("Global Automakers") are pleased to have this opportunity to provide comments to the docket you have established to collect suggestions and information about how we can collectively improve the participation rates on safety-related recalls. Your call for public comments arises from the public workshop sponsored by NHTSA on April 28, 2015 that brought together auto makers, auto dealers, safety advocates, researchers and others to discuss how to improve recall participation rates.

At the outset, the Alliance and Global Automakers wish to commend you for convening this workshop and for bringing a spotlight onto the problem of recall participation rates, particularly for older model vehicles. As you know, the national average recall participation rate is about 75%, where it has been for the last several decades. However, the rate varies considerably with the age of the vehicle at the time of the recall. For relatively new vehicles, the participation rate averages 83%, while that rate falls almost in half to 44% for vehicles 5-10 years old. The participation rate drops again to 15% for vehicles older than 10 years.

The Alliance and Global Automakers support your call for suggestions for reasonable efforts to improve safety recall participation rates. Our members want all recalled vehicles to be remedied, and we welcome your call for a national discussion on how to achieve that goal. However, we believe that the discussion must include the many stakeholders who will need to

[1] The Alliance is a trade association whose members are: BMW Group, Fiat Chrysler LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America and Volvo Cars of North America.
[2] Global Automakers is a trade association whose members are: American Honda Motor Co., Aston Martin Lagonda of North America, Inc., Ferrari North America, Inc., Hyundai Motor America, Isuzu Motors America, Inc., Kia Motors America, Inc., Maserati North America, Inc., McLaren Automotive Ltd., Nissan North America, Inc., Subaru of America, Inc., Suzuki Motor of America, Inc., and Toyota Motor North America, Inc.

be part of the solution, including vehicle owners, authorized dealers, independent service providers, auto insurance companies, as well as our members, NHTSA and others.

To better understand and help improve the consumer participation rate in vehicle recalls, the Alliance has begun a nationwide, multi-dimensional research initiative designed to identify issues leading to non-participation and possible approaches to improve participation. Through a variety of research techniques, including both qualitative and quantitative tools, along with traditional and cutting-edge methodologies, researchers will explore the issue of motor vehicle recalls and consumer compliance to provide findings and recommendations by fall 2015.

At the recent recall participation rates workshop, numerous suggestions and strategies were discussed. Some of them warrant attention in these comments.

First, the Alliance and Global Automakers wish to comment on the concept that was raised during the workshop that "salvaged parts" might be a solution for recall part shortages. Vehicle manufacturers strongly disagree that salvaged parts are ever an appropriate solution for recall part shortages, but particularly when the part at issue is as complicated as an airbag. There is simply no way to know whether a salvaged part has been through trauma (such as a flood) that might have compromised its performance. Unless and until salvage part suppliers are held responsible for the performance of the parts they supply, we cannot agree that salvaged parts would ever be appropriate as a solution for recall part shortages.

Second, there was extensive discussion at the workshop about the concept that vehicle re-registrations should be linked to evidence of recall participation. The Alliance and Global Automakers see promise in this approach as one possible means for increasing recall participation rates. However, there are several factors that must be taken into account before implementing a system that makes registration contingent on recall participation. Most likely, any requirement linking vehicle registrations to participation in open recalls would require state legislation in each of the 50 states and other jurisdictions (such as the District of Columbia and Puerto Rico). One factor that requires consideration is the availability of remedy parts in those recalls that are phased over time or geography. Owners should not be denied re-registration for failing to participate in a recall for which they cannot yet obtain parts. Also to be considered are the implications for the state Departments of Motor Vehicles ("DMVs") such as the need for changes to their registration process and computer systems, as well as procedures for addressing customer service issues. As an interim step, while these factors are being considered by stakeholders, state DMVs should consider notifying vehicle owners of open recalls (based on information in NHTSA's VIN lookup database) when they contact owners about re-registration.

Third, there was discussion at the workshop of the possibility of encouraging independent repair shops or vehicle service providers (such as oil change service providers) to look up the recall completion status of vehicles that come through their facilities for service. NHTSA's VIN lookup tool would facilitate this, and we believe that consumers would find this to be a valuable added benefit. We also will reach out to other entities that interact with vehicle

owners (such as auto insurance companies) to explore ways that they might be able to work with available information to notify vehicle owners about open recalls when contacting them for other reasons.

Fourth, we are aware of the proposal by NADA and others to permit batch processing of VIN information against the information available on NHTSA's VIN lookup tool. The Alliance and Global Automakers have reached out to NADA to better understand this issue and to see if we could support a solution that addresses their concerns while continuing to ensure the data security and appropriate uses for bulk VIN data.

Fifth, there was discussion at the workshop of the possibility of ranking recalls by severity of the risk in order to encourage consumers to participate at least in those campaigns that involve more serious hazards. The Alliance and Global Automakers caution that any such ranking system may have the unintended effect of reducing participation in recalls that are ranked as presenting less serious safety consequences. For this reason, any such ranking system would need to be carefully considered before deciding whether to implement it.

Sixth, we believe that NHTSA could contribute to improved consumer recall awareness by notifying consumers who file VOQs with VIN information whether there are any open recalls on their vehicle. NHTSA could run the consumer's VIN against the VIN look-up tool to obtain this information and advise the consumer of the results. Because NHTSA does not provide auto manufacturers with the full VINs for VOQs that are filed with NHTSA in the absence of an open ODI investigation, this is not a service that the auto makers can offer at this time.

Seventh, we recognize that some remedies involving software updating could potentially be "pushed" to vehicles over the air via cellular data networks, avoiding the need for the consumer to visit a dealership for the work. However, this option raises other issues, including how to obtain and record the consent of the vehicle owner to accept the pushed remedy, particularly in the case of a second or third owner of the vehicle, and how to address privacy concerns. Certain other challenges to the use of over-the-air remedies were raised at the workshop, including cyber-security concerns. These issues will require further work before this technological solution can be implemented more broadly.

Another issue for consideration is whether NHTSA's rule requiring notice to owners within 60 days of notifying NHTSA of the presence of a safety-related defect even when remedy parts are not yet available may, in fact, be deterring consumers from participating in the recall when the parts later become available. We recognize that the rule was motivated by a concern that consumers should be informed within a reasonable period of time after a safety-related defect has been determined to exist in their vehicles, so that they can be apprised of a condition associated with their vehicle while awaiting the remedy. However, an unintended consequence of this rule may have been to overload consumers with recall information such that they do not pay attention when the notice of remedy availability

arrives. Or, consumers may become complacent if they drive their vehicles for a period of time after receiving the 60-day notice, and they do not experience the harm. This is an issue that warrants additional consideration.

Finally, the Alliance and Global Automakers recommend that NHTSA develop an intensive public awareness campaign about the importance of recall participation by consumers. A campaign that is modeled on "Click It or Ticket," or "Over the Limit – Under Arrest" could raise public awareness of the importance of participating in safety recall campaigns. The NHTSA campaign should include promotion of the VIN-lookup tool and other NHTSA initiatives to promote recall awareness. Our members pledge to build on a NHTSA-sponsored public awareness campaign to leverage the branding and expand public exposure to the message through new and traditional media.

The Alliance and Global Automakers appreciates this opportunity to contribute to this important dialogue about improving recall participation rates, and we look forward to working with you and your staff to implement those changes that hold promise for improving recall participation in the future.

Sincerely,

ALLIANCE OF AUTOMOBILE MANUFACTURERS, INC.

[redacted]

Robert Strassburger
Vice President
Vehicle Safety & Harmonization

ASSOCIATION OF GLOBAL AUTOMAKERS, INC.

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Michael X. Cammisa
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