

**Statement of National Highway Traffic Safety Administrator Mark R. Rosekind, Ph.D.,
before the Senate Committee on Commerce, Science & Transportation**

June 23, 2015

Chairman Thune, Ranking Member Nelson, and members of the Committee, thank you for the opportunity to provide an update on NHTSA's efforts to address vehicle safety defects, including defective Takata air bags.

Let me first address Takata. The recall of defective Takata air bags may represent the largest national consumer recall in history. It is certainly one of the most complicated.

You and the American people should know: Air bags save lives. Frontal air bags saved 2,388 lives in 2013 alone and 39, 886 lives since 1987. We need to make sure that people trust their air bags. All of our actions are targeted at achieving our goal, the only acceptable goal: a safe air bag in every American vehicle.

On May 19, Secretary Foxx and NHTSA took a significant step toward ensuring that air bags 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 (DIR) covering an estimated 33.8 million defective air bag inflators. This action launched national recalls for all of the named air bag inflators and significantly expanded the universe of vehicles with Takata air bag inflators that were subject to recall.

The 11 affected auto manufacturers have scoured their records and state registrations to determine exactly which vehicles are affected, and have provided NHTSA with specific make and model information. As they have provided that information, NHTSA has posted updates on a special website within safercar.gov, informing consumers about make and model information. We strongly encourage vehicle owners to check their VIN numbers on Safercar.gov to see if their vehicle is included in the expansion. In fact, this is a good practice for all vehicle owners to engage in regularly, at least weekly.

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 air bag 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 air bags, NHTSA is taking steps to coordinate the remedy process among Takata, the auto manufacturers, and other air bag suppliers – something NHTSA has never done before in its history.

In the meantime, consumers whose air bags are under recall may continue to drive their vehicles and should stay in contact with their dealers in order to replace their air bag 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 air bag.

The four defective air bag 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 certain Honda models. Takata estimates this covers 3.3 million inflators, 2.1 million of which are already subject to prior recall.

As you know, it is the responsibility of individual automakers to remedy defective components. Takata's filing of Defect Information Reports has led to subsequent DIR filings by each of the affected automakers. After receiving those filings, reviewing them and asking for clarifications from the automakers, our current estimate is that there are about 32 million defective inflators on American roads that must be replaced.

It is important to note that this number is an estimate, and will be refined as automakers gather additional information. We know that there are almost certainly vehicles that are counted twice,

because they are equipped with two inflators – driver and passenger-side – that must be replaced. In addition, we know that some inflators will have to be replaced more than once. We do not yet know how many vehicles are in that category because Takata and automakers have not yet provided us in all cases with information to establish that they have identified a remedy that is safe for the lifetime of the vehicle – information NHTSA is seeking as part of our coordinated remedy process. We have asked all the affected automakers to provide us with a comprehensive list of makes, models and model years affected by the Takata recalls, and have provided that list to the public through the Takata microsite on safercar.gov.

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 air bag 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 ability 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 air bag inflators.

On Friday, May 22, 2015, the Federal Register published NHTSA's notice of intent to open this proceeding. A supplementary notice published on June 5 opened a docket for public comment on a variety of issues related to the replacement of the air bag 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 air bag 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 air bag 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 air bag 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 air bags 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.

Fiat Chrysler recall issues

In addition to our efforts regarding Takata, NHTSA is in the process of determining whether Fiat Chrysler Automobiles is in violation of the Safety Act's requirements to remedy safety defects adequately and within a reasonable time. NHTSA has scheduled a July 2 hearing as part of that process. That hearing will examine 22 recalls that affect more than 10 million vehicles, and will evaluate the timeliness and effectiveness of remedies and the adequacy of the company's consumer notifications.

In each of those 22 recalls, NHTSA has significant concerns about Fiat Chrysler's performance. On June 18, NHTSA published a notice in the Federal Register that outlines those concerns. They include slow repairs on vehicles responsible for loss of control and fatal fires; remedy repairs that failed to prevent dangerous roof liner fires; and failure in at least eight cases to notify owners of recalls in a timely fashion, including recalls of Takata air bags for which Fiat Chrysler to date still has not provided notification to owners. The company also has on several occasions provided NHTSA with inaccurate or incomplete information on defects and communications with owners and dealers.

Based on information gathered from the public and from Fiat Chrysler, NHTSA will make a final determination as to whether Fiat Chrysler has failed to meet its obligations under the Safety Act, and take any actions that are appropriate based on that determination.

Internal reviews and the Inspector General's audit

At NHTSA, as I have said repeatedly, we are determined to use every tool available to protect the traveling public. And one critical tool is self-evaluation. While we are focused on holding the entities we regulate accountable, we have also looked for every way we can find to improve our own performance.

That is not something new. Before I arrived, at the urging of Secretary Foxx and with the full support of NHTSA's staff and leadership, NHTSA was involved in tough self-examination after one of the most challenging years in the agency's history. NHTSA's approach to Takata, Fiat Chrysler and the scores of other defect-related issues we deal with every day has been informed by the lessons learned in that process.

On June 5, NHTSA released two reports that are essential elements in our efforts to improve our performance. In addition, we announced two initiatives – one involving some of the top safety experts in the country, the other tapping NHTSA's internal strengths – to help us turn the lessons of our self-scrutiny into concrete safety gains.

The first internal report, "NHTSA's Path Forward," provides the results of a year-long due diligence review of our defect investigation process in the wake of the GM ignition switch investigation. Our review found weaknesses in our process for identifying and addressing defects, and we are making changes to address those weaknesses. The report addresses six major process improvements to do a better job of holding the industry and ourselves accountable. With small exceptions, all of these improvements are under way and we intend to make them within existing resources. Whatever resources are provided to our agency, we are committed to doing better with what we have.

The second report is a workforce assessment that stems from a 2011 recommendation by the Department of Transportation's Inspector General in the wake of the Toyota unintended acceleration case. At the heart of that recommendation was the question of whether NHTSA had enough staff with sufficient expertise to assess defects in an increasingly complex U.S. vehicle fleet. As we have said since its release, the President's 2016 budget request for NHTSA reflects the lessons of the GM investigation, and this workforce assessment provides significant detail on how the FY16 budget request would help us complete our mission. But in addition, the report examines NHTSA's defects investigation workforce in light of the size of the fleet we monitor, the scope of the safety risk to the American public, and in light of safety investigation workforces in other modes of transportation, and provides one possible path, in what would be a several-year process, toward matching NHTSA's workforce to those challenges.

When we released our internal reports, we made two additional announcements on initiatives that will help us improve our performance.

The first is the creation of an outside Systems Safety Team to help us implement our enhanced systems safety approach. In Drs. Joe Kolly, Vic Lebacqz and Jim Bagian, we have three of the most respected safety professionals in the world to help us implement our improvements.

Complementing this external team is an internal effort designed to tackle our toughest safety challenges. That effort will use multi-disciplinary teams from across NHTSA to address safety risks or problems that cut across our various lines of work.

In addition to our own efforts, the Department of Transportation's Inspector General has, at Secretary Foxx's request, performed an audit of NHTSA's investigation of the GM ignition switch defect. Let me take this opportunity to thank Inspector General Scovel and his staff for their diligence. We believe the report is a helpful contribution to our efforts to better identify and address safety defects, and we have concurred with all 17 of the report's recommendations. In fact, many of the Inspector General's findings reinforce the findings of our internal examinations. We will aggressively implement the Inspector General's recommendations, and anticipate implementation of all 17 recommendations within one year, with the understanding that at least two recommendations may require rulemaking, which could extend that timeline.

Two factors outside the scope of the Inspector General's audit are essential to achieving NHTSA's mission. The first is a hard lesson from the GM experience, in which, as GM has acknowledged, the company concealed critical safety information from NHTSA that would have radically changed the agency's understanding of its ignition switch affected air bag deployment. While GM's deception was not within the scope of the Inspector General's audit, NHTSA cannot ignore the fact that manufacturers may seek to intentionally deceive us. If I could sum up our process improvements in a single phrase, it would be: question assumptions. Question the information we get from industry, and question our own assumptions.

The second factor, also outside the scope of the Inspector General's audit, is available resources. Fixing problems such as the Takata recalls and Fiat Chrysler's recall performance is a monumental task. 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, gaps in our available personnel, technology and authority are a known risk. I urge the members of the Committee 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.