

The Auto Industry Lobby: Still Unsafe at Any Speed? **David Ward, President & CEO of the Towards Zero Foundation**

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In the first 20 years of the 21st century over 1.4 billion new automobiles have been produced. Since 2000 output from the automotive industry has grown consistently, apart from 2009 due to the financial crisis. In the current decade production has grown by 28% compared to the previous ten years. The highest ever level of production was recorded in 2017 at over 97 million vehicles. The total global vehicle fleet – automobiles in use – is also the highest it's ever been, estimated to have passed 1.3 billion in 2016. Since the 1970's the global fleet has roughly doubled every twenty years. It is quite possible, therefore, that a global fleet of two billion automobiles will be in use by 2030.

What this shows is that by the end of the first quarter of this century we will have lived through the highest level of motorisation the world has ever seen. Whilst there is some talk of us reaching a 'peak car' moment, it is far too early to say if 2017 was really the summit of global automobile production. Numbers of automobiles per 1,000 people show that there is still huge potential demand in newly motorising countries. In China the figure is 179, in India just 22 compared with 838 here in the USA.

Another major development is the geography of automobile production and sales. It is very fashionable to talk about disruption in the automotive industry with the focus mainly on automated and electric vehicles, but by far the most profound disruption that has taken place over the last twenty years has been its location. Today the business of building motor vehicles is an activity mainly carried out in middle-income countries. Eleven out of the top fifteen vehicle producers are middle-income economies. These nations generate higher profits and faster growth rates than in the mature automotive markets of high-income economies.

What does this tell us about the next decade? If just the same volume of production that has occurred since 2010 is repeated about another 900 million new automobiles will be added to the global fleet by 2030. The majority will be produced and sold in middle income countries and only a very small percentage are likely to be automated. Hopefully substantially more will be electric.

For many concerned about the safety and environmental consequences, the prospect of another 900 million vehicles is that this is simply unacceptable, and we must switch to safer and cleaner transport modes. I agree that for more sustainable transport we must follow the 'avoid, shift and improve' paradigm. But we cannot rely only on 'avoid and shift'. We must 'improve' as well, because another 900 million automobiles by 2030 is not just possible but probable. And that is why the next decade's cohort of new vehicles must be substantially safer and cleaner than ever before.

This is essential if we are to stand any chance of meeting the transport related Sustainable Development Goals (SDGs). There are two existing targets that can serve as the key benchmarks of the progress we need in the decade ahead. Firstly, the Global Fuel Economy Initiative¹ has set a target to double global fuel efficiency of new passenger light-duty vehicles by 2030. And they are working with the Transport Task Group of 20 leading industrial economies to promote national and regional strategies to reduce CO2 emissions and promote faster use of electric vehicles.

¹ A partnership led by the FIA Foundation including UNEP, the IEA, the ITF, the ICCT and UC Davis ITS

Secondly, the World Health Organization has led a UN Member States initiative to set global road safety performance targets. There is one specifically for vehicles which proposes that by 2030, 100% of new and used vehicles meet high quality safety standards, based on a list of recommended UN regulations, or equivalent national performance requirements.

If achieved, these targets for fuel economy and safety would represent a major contribution towards the Paris Climate Change agreement and halving global road deaths by 2030. Both are ambitious but, with concerted effort, I believe they are achievable. But what kind of concerted effort is needed? The recent past can be our guide. The experience of the last thirty years is that the agent of change has been technology innovation, government regulation, and consumer information. The combination, and interaction, of these three factors have built a market for safer and less polluting vehicles mainly in high-income countries.

Today I will focus on vehicle safety issues and very briefly describe its recent history. Public health inspired research back in the 1940's and 50's identified how vehicle occupants could be much better protected in a crash. This led to decades of technology innovation in crashworthiness, such as three-point seat belts, crumple zones, air bags, and more recently in crash avoidance, with systems like electronic stability control (ESC). But the critical breakthroughs in accelerating safety technology into the vehicle market have all depended on regulatory mandates and strong consumer information.

This is the legacy of a remarkable group of American public health campaigners including Ralph Nader, William Haddon, and Joan Claybrook. In 1965, Nader's best seller 'Unsafe at Any Speed' exposed the design flaws made by vehicle manufacturers and challenged their claims that 'safety doesn't sell'. One year later, President Lyndon Johnson signed the National Traffic and Motor Vehicle Safety Act and appointed Haddon, well known in public health for his injury prevention matrix, to lead the newly created National Highway Traffic Safety Administration. This generated a new framework of mandatory Federal Motor Vehicle Standards. Then Claybrook, a successor to Haddon at NHTSA, launched the first ever New Car Assessment Programme. Her powerful contribution was to recognize that consumer crash testing at more stringent levels than federal regulations would stimulate public awareness in safety. The launch of the first NCAP in October 1979 resulted in huge public demand for the results and proved that safety does sell.

These were the origins of the regulatory-push and demand-pull approach that has been so successful in building a market for safer automobiles. And over the last 40 years it is proven to be a winning formula that has spread across the world. Today, thanks to the work of UN Forum for Global Harmonisation of Vehicle Regulations, 'off the shelf' safety standards for crashworthiness and crash avoidance are available to all UN Member States.

Meanwhile NCAPs have been established in Australia, Japan, the European Union, South Korea, China, Latin America, and South East Asia. And pilot projects have also been started in India and South Africa. Providing star ratings from zero to five, NCAPs have succeeded in driving vehicle safety well above mandatory requirements.

As result, today, the global market share of new car safety is now at its highest ever levels. Let me give you two pieces of evidence to back up this claim. Today 90% of global new car production meets the UN regulations for front and side impact. And the fitment rate of the anti-skid technology ESC is now above 80% of the total worldwide new car market.

This represents a major success both for public health advocacy and innovation by the automobile industry. It should be celebrated as a proud joint achievement. But, rather souring the party atmosphere, is the unfortunate fact that for decades the representative bodies of the automotive industry have relentlessly resisted all the progress that has been achieved. And here I want to define my terms very precisely. I mean the organised lobby of the industry through OEM national and regional associations and not individual manufacturers.

There is frankly a structural problem with OEM associations. Although they seek to represent the industry, but they are not truly representative of it. This is because industry associations typically adopt policy positions based on consensus. This means they travel at the speed chosen by their weakest member. And that is why for far too long their standard operating procedure on vehicle emissions and safety is to deny, disrupt, and delay. This entirely negative approach has been superbly documented in a report published by the Union of Concerned Scientists which derides the industry's 'Chicken Little' posture. The report's author Dave Cooke explains that "No matter what the issue such and such cannot be done; you will kill the auto industry if we are forced to do it. Yet time and again the industry has accomplished whatever 'it' is, and, low and behold automakers are still here today". Cooke then quotes conservative columnist George Will who noted four decades ago that, "the Industry has a dismal record of asserting what can't be done, and an admirable record of doing what it is forced to do".

This has been exactly my own experience over the last twenty-five years of involvement in vehicle safety. Time after time industry lobbyists reach for their well-worn playbook of demanding more evaluation, exaggerating costs, and trying to delay implementation. In the mid-1990s, for example, I was involved in a hard-fought battle over European Union crash test standards and the creation of the European New Car Assessment Programme (Euro NCAP). Back then the European Automakers Association, ACEA, lobbied to dilute and delay both initiatives.

The EU had not updated its crash test standards since the 1970s, leaving vital safety features like air bags as optional extras, and consumers had limited access to comparative crash test results. Over 45,000 people were being killed in road crashes in EU Member States. But research by the UK's Transport Research Laboratory (TRL) had shown that thousands of these fatalities could be avoided if more realistic front and side impact crash tests were mandated. However, under intense industry pressure, the European Commission relegated TRL's tougher tests to a vague 'second stage' that would only happen after further research. This would guarantee yet more delay and infuriated those of us who knew that all the necessary procedures for the more stringent tests were not just available, but already being used by Australasian NCAP and by the Insurance Institute for Highway Safety here in the US.

But rather than getting angry we got even. A coalition of safety and consumer groups was formed to campaign to change the draft legislation in the European Parliament. With our help, a British MEP, Alan Donnelly tabled amendments to force immediate adoption of the tougher crash tests. His proposals were passed unanimously and in a major defeat for ACEA the new tougher crash test standards entered into force from October 1998.

With this legislative victory accomplished, the next step was to emulate the success of US NCAP. With the support of the UK and Swedish Governments, the same coalition that had campaigned for the tougher crash tests then came together to launch Euro NCAP. The first tests were carried out at TRL and launched in February 1997. One of the cars, the Rover 100, completely collapsed demonstrating all too clearly the inadequacy of the prevailing levels of crash protection. In response, the UK car industry association organised a counter press event in London where they tried to discredit Euro NCAP's results. Helpfully this just added to the already huge media interest! Meanwhile in Brussels, ACEA lobbied against any European Commission funding for Euro NCAP, but this too failed. They even tried to negotiate an industry pact not to promote Euro NCAP results in their marketing. This 'gentleman's agreement' collapsed in a matter of weeks when the Volvo S40 obtained a four-star rating and the company couldn't resist adding this to their advertising.

The most dramatic U turn on safety occurred at Renault. In 1998, the then Chairman of Euro NCAP Max Mosley and I were summoned to the company's headquarters in Paris to see Chief Executive Louis Schweitzer, who at the time was also President of ACEA. At the beginning of the meeting Schweitzer read an ACEA statement listing a litany of complaints about Euro NCAP. This task completed he then began a much more amicable discussion culminating in an invitation to visit Renault's new technical centre just outside Paris, which was accepted. Soon after Renault began to perform extremely well in Euro NCAP testing and was the first manufacturer to achieve the coveted five-

star rating in 2001. Just before his retirement in 2005 Louis Schweitzer again invited us to Paris for a very cordial dinner at which he told us how proud he was that Renault was the first manufacturer to obtain a five-star rating and he also explained that he did not agree at all with ACEA's complaints about Euro NCAP but as their President was obliged to read them out!

Today in Europe the days of Rover 100 death traps are well and truly gone. In 2019 Euro NCAP tested 55 cars and 45 gained 5 stars. Results like this have driven passenger car safety far above the 1998 regulatory requirements. And best of all it has been estimated that the combination of EU legislation and Euro NCAP crash ratings have saved around 78,000 lives since 1997 and occupant fatalities have been halved. Today, although it is still unacceptably high, 25,000 (not 45,000) people die in road crashes across the EU.

Given that the laws of physics and the role of kinetic energy are universal it was inevitable that the EU front and side crash test standards would be strong candidates for global harmonisation. And soon they were adopted as UN regulations. One might have hoped that this would have encouraged industry associations around the world to recognise their vital importance to vehicle safety. But unfortunately, this is not what happened. Through my work at Global NCAP I have seen time and again OEM associations lobby in Africa, Asia, and Latin America to delay the application of the UN crash test regulations, and also resist the establishment of new NCAPs. Auto industry associations everywhere are like the leopard that never changes its spots; they are nothing if not consistent.

In country after country, industry opposition is eventually overcome, but inexcusable delay is often the result. Take Mexico, for example, in April 2014 the government planned to update the country's vehicle safety requirements and adopt the UN front and side impact tests in their legislative proposal. The Mexican Auto Industry Association (IAMA) had the audacity to suggest that they be removed entirely. The government rejected this scandalous proposition but offered a compromise resulting in six years of delay. Mexico will now only fully apply the crash test regulations later this year. The auto lobby was simply buying time to continue producing cars that were rated zero by Latin NCAP such as the Nissan Tsuru and the Chevy Aveo, consecutively best sellers in the Mexican market.

A similar story occurred in India also in 2014 when we launched our Safer Cars for India project, testing some of their best-selling cars with predictable zero-star results. The Indian industry association, SIAM copied almost exactly the game plan of ACEA twenty years earlier. They disputed the validity of the tests and claimed that Indian consumers weren't interested in safety. But with further rounds of test results attitudes changed; consumers showed a strong interest in safety, the government made commitments to regulate, and some leading manufacturers acted on their own to improve their safety performance. The result today is that India now applies the UN crash test standards, including for pedestrian protection. And last year achieved its first five-star car with the Tata Nexon. This dramatic transformation in vehicle safety has happened in spite of rather than because of the efforts of their industry association.

The Indian government has also made a commitment to mandate ESC. This is welcome because as a new report published yesterday by TRL and Bloomberg Philanthropies shows, this life saving technology can avoid around 38% of run off the road crashes, is highly cost-effective, and should be made mandatory by all the major car producing countries as soon as possible. This is not a recommendation that OEM associations will like.

ESC was developed by Bosch in the 1990s, and as evidence of its effectiveness grew, it became a strong candidate for regulatory action by the EU and elsewhere. In 2005 the European Commission launched an important initiative – called CARS 21 – to develop a regulatory road map for the European automotive industry. I served as a so-called Sherpa in this High-Level Group that brought together all the key stakeholders from the sector. During the

negotiations ACEA repeatedly tried to block inclusion of ESC in arguing that the technology should be promoted by market forces alone.

However, ESC was finally included in the Cars 21 Road Map published in 2006. This happened because during a quite heated exchange in the Sherpa Group, I pointed out that the US intended to regulate and had already prepared a draft federal regulation. This was embarrassing for ACEA, as they were claiming that no test for the technology was available, and that evidence of its benefits were unproven. The fact that NHTSA's draft rule making contained, not only a fully developed test procedure, but also convincing evidence of effectiveness was, shall we say, a even more awkward for ACEA. That no less than the Republican administration of George W Bush was convinced of the need to regulate finally sent ACEA's attempt to block ESC skidding off the table!

Having lost the argument for exclusion ACEA then slightly more successfully lobbied for delay and it took a further six years for the EU to mandate ESC from 2012. But the good news is that during the current UN Decade of Action for Road Safety, ESC has been the world's most regulated vehicle safety technology. It is standard fit now in all high-income countries and is also applied in some important middle-income countries including Argentina, Brazil and Malaysia. As I mentioned before, the fitment rate of ESC in new light duty vehicles now exceeds 80%, making it clearly the safety system of the decade. Yesterday's TRL/Bloomberg study also shows that with strong regulatory action by G20 countries the fitment rate of their entire fleet – both new and used – could reach above 80% by 2030. Not far off the UN's vehicle safety performance target.

But as countries considering making ESC mandatory, also face another industry association tactic; grossly exaggerating costs. The first government to regulate ESC was the State of Victoria in Australia in 2011. In response the local industry association condemned their action claiming that the technology would cost Victorians \$1,000 dollars per unit. More recently in 2016 Malaysia became the first middle income country to announce ESC legislation. Earlier a Malaysian government expert contacted me worried that the industry was telling his Government that ESC would add \$1,000 to the price of a new car. In response I sent him the US ESC final rule published in 2006. This helpfully contained an estimated cost to the consumer of not \$1,000 but \$100. Yesterday's TRL/Bloomberg study estimates the cost now at \$50.

If you are beginning to wonder if we can count on the auto industry associations to support making the world's next 900 million vehicles the safest and cleanest we have ever seen. I have one further piece of evidence to submit.

In October the industry's international association of national associations, OICA, which represents automakers at the UN, published a Manifesto for Global Road Safety. Normally a manifesto includes commitments that an organisation is promising to do itself, but not in the case of OICA. Their manifesto calls on governments to universally apply a set of UN vehicle standards and offers to help assist them with that. At face value this seems to be quite a breakthrough. OICA has finally taken an initiative, albeit almost at the end of the UN Decade of Action. It's taken them a while, but I guess one shouldn't discourage late arrivals.

As an aside I can't resist pointing out that OICA has some form on matters of timing. On 15th September 2015 they released a public opinion survey entitled, 'The Global Image and Reputation of the Auto Industry'. OICA proudly reported that 73% of respondents believed that the industry could be trusted long term. Two days later the US Environmental Protection Agency sent a notice of violation to Volkswagen and the scandal known as 'Dieselgate' went public for the first time. For comic timing one really has to say that OICA deserves a round of applause.

However, any applause quickly subsides if you look at the detail of their Manifesto. For the devil as usual is in the detail. An annex contains OICA's recommended list of regulations. Included are front and side crash tests and ESC. So far so good, until you see their proposed timetable. Another three years for the crash tests and another five years for ESC. No words can convey how weak a proposal this is.

And there are other surprising omissions. No mention of the UN regulation for pedestrian protection which is applied in the EU, Japan, and now even India, but sadly not here in the USA. No comment on the proposals made in 2016 for a voluntary industry self-commitment made by Jean Todt, the UN Secretary General's Special Envoy for Road Safety and by Michael Bloomberg, the WHO's Ambassador for NCD & Injuries. And no discussion at all of the UN's Global Road Safety Performance Targets even though OICA was officially consulted on the vehicle safety recommendations.

The stark reality is that the OICA Manifesto is proposing regulatory action at a slower pace than current market trends. It is a do-nothing Manifesto seeking to further delay regulation of 20th century vehicle safety technologies 25 years into the 21st century. Like St Augustin and chastity...OICA wants safer cars, but not quite yet.

Next month the 3rd Global Ministerial Conference on Road Safety will be held in Stockholm. This will be followed by a special debate on road safety in the UN General Assembly in April. Together these events will set a new framework for road injury prevention to 2030 promoting safer roads, road users and safer vehicles.

I would therefore, respectfully ask the major car company CEO's to take direct responsibility for the industry's public policy on global road safety. OICA's Manifesto is simply not credible. The car manufacturers should not wait for legislation to be applied by UN Member States. A global voluntary commitment is well within the capability of the top ten manufacturers that account for over 96% of all vehicle production.

So, before Stockholm, or at the latest by the UN General Assembly debate, it would be highly welcome if the major car manufacturers could now respond to the proposals made by Jean Todt and Michael Bloomberg for a voluntary commitment. They should commit to apply the UN's list recommended safety standards, including front and side impact, pedestrian protection, and ESC to all new models from the end of this year and to all cars in production by 2022. A commitment like that, either jointly or individually, would show real leadership and contribute significantly to halving road deaths and serious injuries by 2030.

I would also invite the CEOs to reflect on whether delegating automotive public policy to the lowest common denominator industry associations is any longer a strategy that serves either their own or the public interest. At the beginning of this talk I highlighted the environmental and safety targets that must be achieved to put our road transport system on a path towards sustainability. But let's recognise that meeting these targets represents a huge challenge not just to the automobile industry, but to the governments of major car producing countries, and to all of us that depend on access to efficient, safe and clean mobility.

So, I would like to conclude with a constructive suggestion. Earlier I mentioned the EU's CARS 21 initiative. Over the years, this process of inclusive high-level stakeholder dialogue has helped the EU become a world leader in both safety and environmental standards. But given that the automobile industry is so significantly globalised – heavily concentrated in about fifteen companies and the same number of countries – isn't it time to launch a CARS 2030 at the G20? A G20 CARS 2030 initiative could secure commitments from both industry and government to guarantee that the world's next 900 million automobiles are far safer and cleaner than ever before. I know this may seem over optimistic at a time when the prospects of global co-operation seem so diminished, but surely this would be a far better way forward than the familiar industry association playbook of denial, disruption and delay. Tactics which I hope today I have proven to be always unsafe at any speed.