



Canadian Vehicle  
Manufacturers' Association  
Association canadienne  
des constructeurs de véhicules

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United States

**Subject: Regulatory Cooperation Council Work Planning – AAPC and CVMA Submission**

Dear Messrs. Carberry and Mancini:

On behalf of our respective member companies, FCA, Ford, and General Motors, the American Automotive Policy Council (AAPC) and the Canadian Vehicle Manufacturers' Association (CVMA) appreciate the opportunity to provide input as the U.S.-Canada Regulatory Cooperation Council (RCC) undertakes its work planning and identification of areas for cooperation between the U.S. and Canada.

We commend the leadership of the RCC on the results accomplished to date, and we look forward to continued work to further institutionalize this agency-to-agency partnership to ensure regulatory cooperation is a routine and ingrained practice between Canadian and U.S. authorities. Significant progress has been made from the initial announcement of the RCC in 2011 and through Phase 2 in 2014/2015, which included establishing Regulatory Partnership Statements that provide a foundation for permanent processes to align and coordinate regulatory development and implementation between respective U.S. and Canadian departments and agencies. Moving forward to RCC3 for 2016/2017 and beyond, we strongly support the continuation of the RCC objectives and the joint efforts to foster and strengthen regulatory cooperation between the respective departments and agencies of the two countries. These activities support improved regulatory efficiency and competitiveness for all stakeholders including governments, consumers, and industry.

The RCC's objectives and activities are important for the automotive sector which operates in an integrated Canadian and U.S. market, and under the North American Free Trade Agreement (NAFTA) continues to be one of the most successful trade sectors in the world. Automotive trade accounts for \$100 billion in two-way trade between Canada and the United States and more than 20% of the total trade between the two countries. As both markets have largely shared driving conditions, infrastructures, environment and public policy objectives, vehicles and auto parts are designed, tested and produced seamlessly on both sides of the border for use in either market. Our vision for Canada-U.S. regulatory activity in this integrated market remains *One Product, Tested Once and Certified Once for Sale Across One Market*. This means one set of requirements in Canada and the U.S., testing to a common set of protocols and certified once for sale and registration across one integrated U.S. and Canadian market. This vision, in turn, results in real value for consumers by ensuring that new and more advanced

technologies are introduced to the market (Canada and U.S.) more quickly, with greater choice and at lower cost to consumers.

It is critical that Canada and the U.S. continue their efforts to first attain and maintain harmonized North American vehicle, product and manufacturing standards and regulations. Aligned standards and regulatory approaches mean decreased incremental engineering time for design and additional testing that would otherwise generate extra costs and limit productivity. Finite resources in an increasingly competitive environment can then be redirected to value-added design and engineering activities rather than administrative compliance documentation and record keeping resulting from regulatory differences.

Moving forward to RCC3, we recommend that the emphasis remain on establishing the systems and procedures to support permanent processes for regulatory alignment and cooperation, completing the work plans already in place that will result in aligned requirements and timing, and maintaining areas of existing alignment. Our specific comments cover a number of different work areas as follows:

- Chemicals Management
- Vehicle and Engine Emissions
- Workplace Chemicals
- Motor Vehicle Safety
- Connected Vehicles
- Transportation of Dangerous Goods
- Other Work Areas
  - Montreal Protocol
  - Automated Vehicles

### **Chemicals Management**

We support the efforts of Environment and Climate Change Canada (ECCC), Health Canada (HC) and the U.S. Environmental Protection Agency (U.S. EPA) on their current work on Chemicals Management which is focused on Significant New Activity (SNAc) provisions and Significant New Use Rules (SNURS) as well as collaborating on Risk Assessment approaches. To build on this work, we recommend that the departments and agencies expand the scope of their work to include specific cooperation on risk management activities and actions beyond SNAcs and SNURs, with a special focus on risk management activities on chemicals that may result in restrictions or prohibitions on either side of the border.

Specific areas that would benefit from risk management include joint work and coordination between the U.S. and Canada on flame retardants and phthalates.

Flame retardants are required to meet vehicle safety requirements and greater coordination during the assessment and risk management is essential given the integrated market. Currently, both Canada and the U.S. are undertaking activities on flame retardants. It is important for the flame retardant substances to be reviewed together as a group rather than on an individual basis (in Canada individual flame retardants have been included in a number of phases of CMP and other legacy activities) and in a coordinated fashion between the U.S. and Canada. The current approach results in uncertainty for industry and differences in approaches between Canada and the U.S. could result in economic disruptions with impact to consumers. For example, risk management actions to restrict the use of HBCD and decaBDE are occurring while 20 or more additional flame retardants are in various stages of review by government making the selection of appropriate alternatives difficult. This places our industry in a predicament where there is uncertainty about alternatives and the appropriate time frames to seek replacements.

An absence of coordination on chemical risk management could result in divergent and misaligned approaches between the U.S. and Canada, which has the potential to negatively impact and disrupt the North American auto manufacturing industry, its supply chain as well as the servicing of the existing legacy fleet. This could result in negative economic consequences and implementation challenges across the industry. Therefore, the development of a formalized structure addressing risk management alignment actions and activities between Canada and the U.S. would be a beneficial first step.

Furthermore, we suggest that Canada and the U.S. coordinate their activities and positions from a North American context first on substances being addressed globally through various international fora such as the Stockholm Convention.

### **Vehicle and Engine Emissions**

We acknowledge and applaud the high level of collaboration between the EPA and ECCC in implementing aligned requirements for both vehicle criteria air contaminant and GHG emissions under RCC1 and RCC2 whereby one common set of national standards for both U.S. and Canada were established. Despite legislative differences between our countries, Tier 3 and the GHG regulations have been successful because of harmonization between the U.S. and Canada. Consumers benefit from new technologies, industry remains competitive, and ultimately emissions are reduced. Continued collaboration and alignment on the light duty and heavy duty vehicle and engine greenhouse gas, fuels and supporting regulations is vital under RCC3 to enhance our ability to produce affordable, advanced technology vehicles and to reduce vehicle related emissions.

### **Workplace Chemicals**

The work to date between Canada and the U.S. to coordinate and align the requirements and timing for implementing the Globally Harmonized System of Classification and Labelling of Workplace Chemicals (GHS) is positive. We also suggest that efforts need to continue so that there is coordination for using one set of labelling and warning symbols or pictograms. These efforts need to be extended for consumer use items to ensure common label practice for all chemical use circumstances into the future. We support stakeholder engagement in continued activities to review and further align requirements, guidance and identification of priorities where possible. This is important for ensuring that one label can be used in both Canada and the U.S. during the transition and when the system is fully implemented. These efforts also need to be extended to the international dialogue on GHS so that Canada and the U.S. have common positions before entering the international dialogue on GHS.

### **Motor Vehicle Safety**

Good progress has been made to date on further aligning existing Motor Vehicle Safety Standards and the increased collaboration and communication between Transport Canada (TC) and the National Highway Traffic Safety Administration (NHTSA). We look forward to continued work in this regard and the completion of the existing work plans that focus on attaining alignment and where possible harmonization of standards between the U.S. and Canada.

We recognize that Transport Canada and the United States Department of Transportation (U.S. DOT) have established an ongoing regulatory partnership, as outlined in the *RCC Joint Forward Plan*, that will enable them to work together and with stakeholders to increase regulator cooperation and alignment. AAPC and CVMA urge NHTSA and TC to continue to work together to develop a collaborative, data-driven process, consistent with the law, to advance these objectives and further enhance the safety of drivers and passengers.

With regard to new technologies, standards and research, we encourage TC and NHTSA to continue to work together in identifying areas where new standards or research may be needed, and jointly assessing and developing policies and requirements while leveraging stakeholder input. In this regard, it would be beneficial to update and modernize the Memorandum of Cooperation (MOC) between TC and NHTSA as soon as possible to support increased collaboration and sharing of information and resources.

We commend TC for the recent Canada Gazette Part I (similar to U.S. Notice of Proposed Rule Making, NPRM) publications to further enhance the safety of the Canadian traveling public by amending CMVSS 214 Side Impact Protection through the incorporation of the more stringent FMVSS 214 and the introduction of CMVSS 226 Ejection Mitigation through the adoption of FMVSS 226 as a Technical Standard Document (TSD).

We urge TC to proceed with amendments to CMVSS 108 Lighting System and Retroreflective Devices by updating TSD 108 to the most recent version of FMVSS 108. However, the most recent Canada Gazette Part I proposal also included certain non-aligned proposals that are of concern. Where additional requirements or new technologies are being contemplated, we strongly encourage TC and NHTSA to work together on the development of proposed requirements, in a coordinated manner.

We also encourage NHTSA and TC to continue to develop common positions and approaches prior to international meetings and forums such as the UNECE World Forum for Harmonization of Vehicle Regulations (WP.29), where both Canada and U.S. are signatories to the 1998 Agreement. As global companies, our members support harmonized global requirements. Given the integrated North American market, the first step is ensuring that the U.S. and Canadian requirements are aligned, and where there is a need to address new technologies or safety improvements, Canada and the U.S. should jointly assess the safety benefits in a data driven manner and then work together in the development and adoption of global standards.

### **Connected Vehicles**

It is positive that Canada and the U.S. have a plan in place for connected vehicles and that TC and the US DOT will be coordinating and collaborating on Vehicle to Vehicle (V2V) and Vehicle to Infrastructure (V2I) communications technology and applications development, which should include privacy and data protections and security protocols. It is important that the work continues to include joint planning and priority setting. Vehicles equipped with these technologies in the future will be sharing U.S. and Canadian roads and crossing the border on a daily basis. We strongly urge both governments to continue working closely together to ensure further collaboration on research, priority-setting, exchange of analytical information, development of common architecture and standards, and other key components of connected vehicles. It is critical that any requirements, standards, and policies are consistent in both countries.

### **Transportation of Dangerous Goods**

Progress has been made under RCC1 and RCC Phase 2 to further align the Transportation of Dangerous Goods activities between the U.S. and Canada. We appreciate the efforts to align the regulatory regimes and encourage the U.S. and Canada to continue these activities under RCC 3 and beyond. Given the increasing trend toward electrification of vehicles, dangerous goods legislation and the supporting policies need to be structured in a manner that facilitates the free-flow of advanced battery systems and components across the Canada-U.S. border and it is positive to see that Canada has made amendments to align with the U.S. approach on lithium batteries in this regard.

We support continued efforts to build upon the Regulatory Partnership Statement between Transport Canada and U.S. DOT to make shared priority setting and information sharing the normal business practice. This would include efforts to align consultations and examine opportunities to prevent duplication where possible between the Canadian and U.S. regimes. One area for such collaboration could be the recognition of exemption permits between our respective countries which would eliminate redundancy associated with the approval process, allow for improved flow of material across the border and create efficiency in the processes. Another example would be sharing of information prior to consultations and finalization of proposed amendments to ensure consistency and avoid future misalignment. We also encourage continued examination of any differences that exist between the two regimes and how to align such differences where appropriate.

### **Other Work Areas**

#### Montreal Protocol

For the 2016/2017 work planning, we recommend that Canada and the U.S. continue to coordinate their positions and approaches under the Montreal Protocol and any activities related to the phase down of hydrofluorocarbons (HFCs). We note that there is currently a tri-lateral effort between Canada, U.S., and Mexico in this regard, and we encourage that this work be included in the RCC 3 workplan.

### Automated Vehicles

We strongly urge that Canada and the U.S. coordinate research, policy, and regulatory development activities related to automated vehicles. Given the integrated nature of the market and the daily cross-border movement of vehicles between the U.S. and Canada, it is critical to coordinate the introduction of automated vehicles and technologies, so that Canada and the U.S. are aligned in their approaches. For example, as mapping systems and technologies continue to be developed to facilitate automated driving, there will be a future need for the Canadian and U.S. governments to coordinate any related standards or protocols that may be needed.

### **Conclusion and Next Steps:**

Substantial progress has been made and positive outcomes have resulted under the RCC leadership and the RCC work plans by the U.S. and Canadian departments and agencies. We look to the RCC and departments and agencies to show continued leadership and accountability for the next phase (RCC3). We are committed to providing our assistance and support in moving towards a more modernized regulatory environment that supports the realities of an integrated Canada-U.S. marketplace. The completion of the Regulatory Partnership Statements provides a strong foundation for continued progress, as it institutionalizes a permanent process and a culture of regulatory cooperation between Canada and the U.S. such that it becomes business-as-usual.

We appreciate the opportunity to provide input to the planning process and look forward to the discussions during the upcoming bi-lateral meeting in May. We would be pleased to provide any clarification you may need on our input and would be willing to meet with you and department or agency officials to discuss our submission.

Yours sincerely;



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