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Dear Sir:

**Re: Regulations Amending the Motor Vehicle Safety Regulations (Importation of Vehicles — Section 12)**

I am writing in support of the above referenced proposed change to the Motor Vehicle Safety Regulations. However, I believe the provision to allow manufacturers to deem that equipping their vehicles with an after-market device, on the basis of it potentially compromising safety, will be abused if it is allowed under Transport Canada's self-certification program. Further, I strongly feel that it is in the best interest of all Canadians for Transport Canada to harmonize all of its regulations with those in the US.

I recently tried to import a Toyota from the US. At the time I purchased the vehicle in early October it was ADMISSIBLE on Transport Canada's VAFUS list and when I went to pick it up in early November it was deemed INADMISSIBLE. My understanding is that this vehicle was declared inadmissible by Toyota (not Transport Canada) on the basis that it did not have a Vehicle Immobilization System (VIS) that complies with CMVSS 114. The Vehicle I purchased has a factory installed Vehicle Ant-Theft System and Engine Immobilizer. In fact, I made sure the vehicle was equipped with a VIS when I purchased it in October based on knowing that this would be a Canadian requirement.

I have suffered both financial and emotional harm as a result of Toyota's blatant abuse of Transport Canada CMVSS 114 regulation. We are now owners of 3 cars when we choose to only own 2. We are insuring 3 cars and losing the opportunity cost on the money we have wrapped up in a car that we cannot use. I have lost sleep over this issue, my wife is upset and my children are disappointed and confused about what is happening. I am angry and disgusted by how I have been treated by the Government of Canada who have not returned my calls nor offered anything constructive up until the announcement on Friday, November 30, 2007. I have spent over 100 hours of my time dealing with this issue which has hurt me financially as I run a home based business. My friends and family are also enraged that the Government of Canada would put in place what is effectively a trade barrier.

The RIV would not give me a case number when I contacted them about my vehicles INADMISSIBILITY despite the fact it was purchased prior to being declared so. I know that many others in similar circumstances were similarly refused a case number and were told to "...wait for an announcement". On this basis, I believe the 1000 vehicles cited by Transport Canada as being caught up in this regulatory debacle is extremely conservative and the real number of people affected is in the 2500 to 4000 range.

I saved (or hope to save) almost \$20,000 through purchasing this vehicle in the US. I fully understand the vehicle manufacturers are desperately trying to keep their prices elevated in Canada for a number of reasons all related to maintaining their high Canadian profits. As much as the manufacturers are currently graciously saying they are dropping their prices in Canada, to purportedly give a good deal to Canadians, the fact is that their US prices are dropping rapidly as well due to a declining US economy. As Canadians we are being taken advantage of by the manufacturers on an item – a vehicle - which is a significant and necessary purchase for most of us.

The magnitude of what the vehicle manufacturers are doing to Canadians is astounding. In 2006 there were approximately 1.7 million new vehicles sold in Canada. Canadian Driver estimated that in 2006 the typical Canadian vehicle was \$5,842 (17 percent) more expensive in Canada than in the United States. The difference is likely higher now because of the exchange rate difference. If Canadians had been able to purchase cars at US prices – total savings to Canadians would be \$10 billion. In other words there would be \$10 billion of additional discretionary spending income that would have been in the pockets of Canadians. You can make arguments that the real number is probably lower due to all the issues the manufacturers speak to about their additional costs to sell in Canada and not every Canadian wants to go to the US to save lots of money, however, it is still a large number. To put this in perspective, cutting the GST another percentage point, from 6 per cent to 5 per cent, will cost the federal treasury about \$5.5 billion in lost revenue or in other words put an additional \$5.5 billion into the pocket of the average Canadian.

If there is free competition through allowing US imports, Canadian prices will come down. Competition was working until the CMVSS 114 trade barrier was erected. Like consumers, insurers likely also want the prices of vehicles to drop to reduce their loss exposure. Lower car prices in Canada should also lead to lower insurance premiums.

I suspect that Transport Canada's intentions were likely well meaning in respect of their desire to put the anti-theft device regulation in place and the issues related to manufacturers using this as an excuse to create a trade barrier was likely an unintended consequence. I think Transport Canada did not fully appreciate the ruthlessness of the manufacturers' desire to turn this into a trade barrier through abusing Transport Canada self-certification regulatory program. I now understand through various sources that the anti-theft device installed on many US vehicles is exactly the same device that is being sold on vehicles in Canada – as is the case with the vehicle I purchased.

I contacted Toyota US to understand their position on whether my vehicle's anti-theft system would meet Canadian standards. Their response was as follows:

*The engine immobilizer in your vehicle was designed for the U.S. market and may not satisfy Canadian Motor Vehicle Safety Standards and/or other*

*requirements. It is up to the individual owner to determine if there are any differences, and to assure compliance with local requirements of the country to which the vehicle will be exported.*

The response is clearly stonewalling and erects a barrier that consumers cannot possibly overcome. Please note how for legal purposes that they don't exactly say that if the VIS doesn't meet Canadian Standards but instead put the onus on the consumer to figure this out. Do consumers have to be automotive engineers to import vehicles into Canada? In my opinion, this letter is a good example of how Toyota is doing everything possible to hinder the importation of their vehicles into Canada by using the Transport Canada CMVSS 114 regulations as a convenient trade barrier. I know other manufacturers are doing the exact same. **Clearly, Transport Canada's self-certification regulatory program is being abused.**

Incidentally, had I understood Toyota's poor attitude towards its customers prior to paying for my vehicle, I would not have purchased a Toyota in the first place.

I was also shocked to understand that manufacturers even convinced Transport Canada that some of their vehicles are inadmissible on the basis that an aftermarket device cannot be installed on a vehicle with or without a VIS because it may impact safety and further cited airbag safety as an example. In my mind this is only a scare tactic and I am surprised that Transport Canada would allow manufacturers to make these claims without some type of due diligence. I understand that suppliers of aftermarket devices have noted that the installation of these devices does not compromise safety. It totally makes sense to me that an after-market device would not impact safety and if it did, modifications could be made to prevent this. In this regard, consider how many aftermarket remote starting devices and alarm systems are installed on vehicles in Canada which Transport Canada has no restrictions on.

**I am fully in support of the proposed amendment** but offer the following specific comments:

Ideally Transport Canada needs to harmonize all its regulations with the US to avoid the high costs of compliance inflicted on Canadians either through manufacturers potentially using the regulations as trade barriers or through added vehicle production costs. If there are no applicable US regulations, then the two countries should work together to develop joint regulations that meet the needs of both countries. I suspect the automobile manufacturers would agree wholeheartedly to this approach as they want lower production costs.

I see absolutely no need for Transport Canada to have Canadian regulations that are not harmonized with other countries. The US and Europe appear to be way ahead of Canada in terms of automobile safety standards anyway. For example, the US has mandated tire monitoring systems be mandatory after September 1, 2007 and Vehicle Stability Control or ECS systems become mandated in 2012. Both these US regulatory initiatives have proven significant benefits related to reducing accidents and saving lives. Tire pressure monitoring systems also have the benefit of significantly improving fuel economy by way of reminding drivers to keep their tires properly inflated. I understand these requirement have not been enacted in Canada, however, instead Transport Canada has focused their attention on an anti-theft device which as a relatively modest safety impact in my opinion.

The current unique Canadian bumper standards are another example of a Canadian standard that appears to serve no practical purpose but is resulting in a high cost to Canadian

consumers. I understand that companies such as BMW and GM are charging huge amounts at the dealer level (I understand \$15,000 in some cases) to bring US cars with “non-conforming” bumpers up to Canadian standards. I do have some sympathy for the Transport Canada DRL (Daytime Running Lights) requirement given our winter driving conditions where this system helps with visibility, however, the costs to add this to a vehicle both in OEM production and the aftermarket are small and the devices are readily accessible to consumers. In addition, fortunately manufactures have also not yet deemed that installing DRL will compromise vehicle safety.

The bottom line is that Canadian Motor Vehicle Safety Regulations need to be harmonized with the US. If they can't be harmonized they should then only be guidelines for consumers to consider in their car purchase. My view is that when it comes to optional safety devices, consumers will make intelligent choices through their buying decisions and manufacturers will add features based on demand – as is the case in many models already (OEM installed alarm systems, anti-theft systems, active headlights, HID headlights, curtain airbags, ABS, ESC etc.).

I believe Transport Canada is just asking for future problems with the requirement that “an aftermarket system cannot be installed on a vehicle without a factory installed VIS if the manufacturer has indicated in writing that the vehicle cannot be fitted with an immobilization system”. Based on the manufacturer reaction to the CMVSS 114 requirements as they pertained to imports, it is pretty clear to me that manufacturers are going to claim immediately that any vehicle not equipped with a VIS can't be equipped with a VIS for “safety reasons”. The current Transport Canada self-certification system unfortunately relies on the manufacturers being truthful and honorable. As we have seen thus far, the manufacturers will abuse any regulation that they can work to their advantage. Transport Canada needs to ensure that what manufacturers are representing is true and defensible and the manufacturers are not just creating a barrier to free trade. I think Transport Canada has to consider the potential for manufacturer abuse of this requirement especially in light of recent events. To stop this abuse, the manufacturer should have to make a proper submission to Transport Canada and the related documentation should be made public so that it can be verified.

Above anything else, I would like the first part of the amendment, related to allowing a vehicle to be imported into Canada if the vehicle was fitted at the time of manufacture with an electronic immobilization system, to be passed with due haste. Time is of the essence. Canadians are suffering as a result of the current CMVSS 114 regulatory restriction. At an average monthly carrying cost of \$250 per vehicle (insurance and financing carrying cost) across my estimate of 3000 vehicles, this VIS debacle is costing impacted Canadians \$7.5 million per month. Please do not let the manufacturers stonewall the passage of this portion of the amendment.

Finally, I would like to thank your department and the minister for fast-tracking a solution to this issue and seeking input from Canadian consumers.

Sincerely,