

I am writing this letter so that you will be apprised of salient items that relate to what has been termed the "immobilizer" problem which has resulted from the failure of Transport Canada ("TC") after a period of five (5) years to harmonize Canadian motor vehicle safety standards with those of the United States.

The Robert Lamb and Serge Bergeron families, who had purchased vehicles in the United States which they have been prevented from importing, have garnered much support and media coverage for their position and that of over one thousand (1,000) others across Canada who are in the same position. For the most part, it is the Lambs and Bergerons, who are at the centre of the hub of a grass-roots network of volunteers who are attempting to help the Lambs and Bergerons deal with TC to resolve the problem. For the purposes of this letter, I shall refer to the grassroots network of volunteers movement as the "CWB Group".

A website www.carswithoutborders.com was started several weeks ago by the Lambs and Bergerons. A graphic depiction of the website usage across Canada (over 8,300 visits to site) can be viewed at http://www.carswithoutborders.com/wordpress/wp-content/analytics_wwwcarswithoutborderscom_20071119-20071202_geomapreport1.pdf

Other websites including <http://www.redflagdeals.com/forums/showthread.php?t=307601> with over 10,000 posts and <http://townhall-talk.edmunds.com/direct/view/.ef18c13/2295> with over 2,800 posts have extensive discussions of the how Canadians have for many years (after adjustment for foreign exchange) paid and are currently paying more than Americans for motor vehicles. References to TC appears on these sites.

The problem of the CWB Group has resulted in the some people calling for a judicial review of the reasons for the failure of TC to harmonize motor vehicle safety standards with the U.S. I do not believe that a judicial review would not be helpful to the Government. However, it appears to me that after five (5) years there is reason to investigate why harmonization has not occurred. In my humble opinion, the cost of a judicial review pales in comparison with the costs that Canadians have borne and continue to bear as a result of the failure of TC to harmonize motor vehicle regulations.

Given the number of people who are aware of how Canadians have had to and continue to have to pay considerably more than Americans for motor vehicles, there is a growing perception that TC is responsible for the difference in prices by having given the automakers non-tariff barriers to support higher pricing in Canada. It is imperative that all of the safety standards be harmonized with those of the United States. Leaving non-tariff barriers on the books will only lead to more confusion and higher motor vehicle prices for Canadians.

It was good to hear Minister Prentice stating that when he considered the allocation of new cell phone frequencies, he did so from the point of view of the consumer. Hopefully, Minister Cannon will have the same perspective as Minister Prentice.

I have reviewed the Amendment proposed by TC to the Motor Vehicle Safety Regulations.

I regret to advise you that I do not believe that the proposed Amendment will provide a future benefit to Canadians who may buy a new or used car in Canada or for that matter a new car in the United States.

With respect to the CWB Group who are disadvantaged, notwithstanding having followed the importation rules, I respectfully suggest that their vehicles be immediately certified for importation into Canada. Their having to wait for a further indeterminate period of time, during and following the fifteen (15) day period during which representations are made by interested parties to TC is punitive.

The CWB Group had been attempting to establish a dialogue with TC since early November 2007 with little or no success. On November 30, 2007, TC notified the CWB Group that TC they had already hosted two teleconferences "to listen to stakeholders' comments on this issue". Notwithstanding that they are most affected, the CWB Group was not invited to participate in the teleconferences during the week of November 24, 2007.

TC issued an invitation to the CWB Group at 4:52PM on Friday, November 30, 2007 to participate in teleconferences at 11:00AM on December 3 and/or December 5 and/or December 6 "to hear your reactions to the proposal". I and others are wondering why the CWB group was excluded from the teleconferences of the week of November 26, 2007.

You may verify the contents of the TC Invitation to the CWB Group to participate in teleconferences of Dec. 3, Dec.5 and Dec. 6, 2007.

<http://www.carswithoutborders.com/wordpress/wp-content/invitation2007-11-30.pdf>

After the end of the teleconference of December 3, 2007, the four people from the CWB Group who participated teleconference posted the following on the www.carswithoutborders.com website on December 3, 2007:

"Conference Call Concluded at 12:50 P.M. Minutes to follow. When we asked permission to upload the tapes of the session onto our web site, the Director General indicated that these Govt. tapes and transcripts were for internal use only. When asked if we could stream our own recordings he did not have an opinion, but suggested we seek legal advice."

On December 4, 2007, the following "Minutes E&OE" of the meeting were posted on the www.carswithoutborders.com website

"These minutes were the result of discussions and review last evening with the four members of Carwithoutborders that were allowed to attend the session.

The session leader, Mr Kash Ram has been copied. We have requested his comments, and views. We certainly welcome any input that might lead to a more accurate account. Any input from any of the other attendees would be welcome, if not in a letter of e-mail, they could post their comments on the website, at www.carswithoutborders.com and we will update the minutes as required.

Interesting session today;

- Mr. Kash Ram the Director General, hereby noted as the Leader of the Conference, welcomed us to the teleconference.

There were only 4 people in attendance on the phone. Robert, CY, and Carl representing carswithoutborders and a gentleman representing the CVMA. Later on, Serge joined in for a few minutes then had to leave due to commitments at work. An individual from GM joined the session in progress.

*- Mr. Ram informed the group of the possible outcomes of these consultations:
The proposed amendment is accepted, or
The proposed amendment is rejected, or
The proposed amendment is accepted with minor changes*

- CY opened up the proceeding describing the process that he went through. His 2008 Honda Civic manufactured in September, was approved and has been plated. He crossed over the border in late October and had no problems or issues obtaining his registration. He described the conversations that he had with certified technicians in Virginia, USA. Reviewed research he had undertaken and he indicated that he had come to the conclusion that the anttheft device in his car was exactly the same as the one installed in the Canadian version of the car.

- The Leader indicated that even though this might be the case, that the selfcompliance process was still in effect and that it was the Manufacturers prerogative to indicate either it meets the standard, it does not meet the standard, or they can't determine if it does or not. They are not obliged to give an explanation.

- When asked if Transport Canada could waive the 15 day waiting period and allow the RIV to start approving our cars, The Leader kindly reviewed the process with us and explained that the only organization that could override this process, was the Treasury Board of Canada Secretariat(see notes below). He suggested we contact them. It was the Transport Ministries objective to fast track these changes and attempt to resolve our issues as fast as humanly possible, within the constraints of the process.*

- When asked if this would be concluded prior to the Holidays, we were given no commitment other than they would try their best.

- We expressed our thanks for being invited, with Carl, Cy and Serge to the Public Consultation process to represent carswithoutborders, a group representing close to 1000 individual Canadians, of which 150 had been identified as having “a car without a Country” We requested that since we had not been able to attend the previous two sessions that he might be able to provide us with an update of which organizations attended and the positions each took. The Leader reviewed who the key stakeholders in the process were as follows:

The Canadian Public

Importers

Those Importers caught up in the immobilizer problem.

The Canadian Manufacturers

Insurance Companies

The Provinces and Territories

3rd Party Immobilizer Companies

Several Consumer Groups

Automobile Dealers Associations

- When asked if he would consider using “Webcasting” for the next two sessions, in order that more of our members would be provided with the convenience of tuning in, he indicated that he would look into it, but it might be difficult on such short notice.

*- When asked if our group be permitted access to the transcripts minutes or tapes of the previous sessions, we were told that these sources were for internal TC use only. ** (refer to notes below)*

- The Leader then ran thru the Associations that had been represented at the table the previous week and attempted to indicate the position taken, he reminded us a couple of time that it was difficult because he did not have his notes, but we were nevertheless thankful for the time taken to bring us up to speed.

Tuesday’s session had 2 consumer groups, Edmunds and Lemon aide. These groups generally favored the solution as drafted in the proposed amendment issued last Friday. GM and CVMA attended but had no opinion.

Wednesday’s session included over thirty individuals representing 4 groups.

Consumer focus groups the APA, CAA

A mix of Manufacturers, and their respective associations CVMA,IAIMC

Some of the provinces and the Insurance Industry.

After Market 3rd party immobilizer companies.

In essence the Manufacturers and their representative associations blamed Transportation Canada for the current problems and were more inclined to keep the status quo.

The majority of the people representing the other 3 groups were in favor of amendment as written on Friday.

After receiving the update, discussion then moved on to the 2nd portion of the proposed change that would apply if a car did not have an immobilizer. As per the change the Manufacturer would still have the prerogative make the car inadmissible even though the installation of a 3rd party immobilizer would enable the car to meet the Standard.

We then discussed the two immobilizer standards in the US and Canada, and the Leader informed us that no such standard existed in the US. We indicated we had read something different last night on FMVSS 114, but that we would recheck it again.

Editors Note: (We think the difference is that in the Canada we have a standard for the anti-theft device and it is a mandatory requirement. The U.S., does have a standard, but it is not mandatory. – this would explain the misunderstanding we have of the position that Transport Canada has taken in recent press articles.)

We asked permission to present our formal position on the new proposed amendment and the signature list of our petition on Thursday at Noon. The Leader did not see a problem with this but he maintained due to sparseness of available telephone lines that he did not want to have more than four individuals from our group attending each of the other two sessions.

Our questions with regards to the RIV and TC were favorably received and taken under consideration. 50 expulsion notices have been retracted and the end consumer informed of the new regulations; letters went out to that effect this past Friday. We asked for a listing of such, indicating Model and Manufacturer. We were told it was not possible.

The leader indicated that he did not think it appropriate to update the VAFUS list directly. We indicated that this was a primary spot to ensure the public was aware of the current situation. We raised concerns that people might not be properly informed. The leader agreed to take it under advisement.

When prompted about the current regime whereby manufacturers do not need to explain their reasons for (in)admissibility, the Leader replied that the current regime is a voluntary one although he did suggest that their office is exploring the legalities of making them disclose such information.

We also requested that the RIV personnel be directed to review all our cases and ensure that everyone's file would ready to be released immediately upon acceptance of the regulation. We asked that all other impediment's to each member's file be addressed and rectified during the consultation period. If resources were an issue, we offered to support an initiative to have any overflow directed to our website. The Leader explained that the RIV must enforce the current regulations and cannot speculate on which option (if any) will get registered.

We also inquired as to whether the VAFUS would be updated immediately once this amendment became law or whether we would have to wait for the auto manufacturers to update it. The leader was of the sound opinion that this was a real opportunity for all interested parties, including auto manufacturers, to work together to ensure that there are no further delays in resolving the administrative burden that continues, for example regarding the VAFUS and the backlog at the RIV.

During the final few minutes, we asked that the two emails, we sent prior to the meeting be accepted into the record. We asked for copies of the tapes and transcripts in order to update our membership over the website. The leader indicated that he could not release this information to us and that prior to posing any audio clips he recommended we seek legal advice. We thanked him for his time and the session was ended.

Some actions we have taken with us and recommending are:

**We direct the members to write directly to the Treasury Board of Canada Secretariat. This is the only organization that has the authority to intervene in the process. They have the ability to issue an order today, that any Canadian citizen that is caught up in this issue be granted their approved form 2 and the right to proceed with the registration of their vehicle. The consultation process would still continue and the regulation accepted. But since we have no guarantee that it will be completed prior to the holiday period we would encourage our members to start writing to the members of this committee. You could start by using the letter we sent to the Consultation Committee, it is posted on the web as "Addendum to invitation"*

<http://www.carswithoutborders.com/wordpress/wp-content/initialrequest-addendum.pdf>

We have included the links to The Treasury Board and to the President below.

http://www.tbs-sct.gc.ca/index_e.asp

The chairman is Vic Toews

<http://www2.parl.gc.ca/Parlinfo/Files/Parliamentarian.aspx?Item=ab143dd3-e5b4-43fcbc61-1279f1c395e9&Language=E&MenuID=Lists.Members.aspx&MenuQuery=http%3A%2F%2Fwww2.parl.gc.ca%2FParlinfo%2FLists%2FMembers.aspx%3FParliament%3D%26Riding%3D%26Name%3D%26Party%3D%26Province%3D%26Gender%3D%26New%3DFalse%26Current%3DTrue%26Picture%3DFalse%26Language%3DE>

Telephone: (613) 992-3128

Fax: (613) 995-1049

E-Mail: Toews.V@parl.gc.ca

Is it possible for the members of the Media team to draft up a more professional sample letter the members could use, or we could stick with the letter noted above? Your call Media team. We would also suggest writing to the other 10 members of the Treasury Board.

*** The other item that caught our attention was the overall lack of transparency of the public meeting. We have three recommendations to the Leader noted below. Again as noted above we have copied the Leader on this e-mail/posting and would welcome any feedback. If implementing any of these recommendations will delay the process, then consider them only for the next series of Public Consultations.*

1) We felt that the system used for the conference call was intimidating. Many “beeps” could be heard in the background. This usually indicates that a person has joined or left the conference. Yet when the leader asked for any new people to identify themselves, no one came forward. We would suggest that the sessions be totally transparent to the public and use the services of a “webstreaming” company. Such as those used by private companies for the public reporting Quarterly and Annual results.

2) We were told that some of the manufacturers were submitting their position in the form of confidential letters. We were surprised that a public consultation would allow this to occur and that everything must be open to the public.

3) The tapes and transcripts of the previous sessions and of this session were declared a for internal TC use only. This surprised many of us, since we were under the impression that these consultations were “Public”. We also discouraged to find that we could not post this information on our web site so as to keep our membership informed.

Finally we do not want to be seem as impeding the process in any way. We are still reviewing your comments prior to formulizing our final submission.

*Robert Lamb
Serge Bergeron
Carl Paquin
Cy Daly”*

I can not understand why TC would not make this process transparent and provide CWB Group with an upload of their tapes.

The proposed Amendment is as follows:

Proposed Amendment sponsored by TC:

REGULATIONS AMENDING THE MOTOR VEHICLE SAFETY REGULATIONS (IMPORTATION OF VEHICLES - SECTION 12) AMENDMENT

1. Section 12 of the Motor Vehicle Safety Regulations (see footnote 11) is amended by adding the following after subsection (4):

(4.1) For the purposes of subsection 7(2) of the Act, a vehicle that has been sold at the retail level in the United States and that has not been certified by the manufacturer as conforming to subsection 114(4) of Schedule IV to these Regulations may be imported into Canada despite not being certified to conform to subsection 114(4) if

(a) the vehicle was fitted at the time of manufacture with an electronic immobilization system; or

(b) unless the manufacturer has indicated in writing that the vehicle cannot be fitted with an immobilization system, the person importing the vehicle states in their declaration that the vehicle

(i) will be fitted with an immobilization system that conforms to National Standard of Canada CAN/ULC-S338-98, entitled Automobile Theft Deterrent Equipment and Systems: Electronic Immobilization (May 1998), published by the Underwriters' Laboratories of Canada, before it is presented for registration under the laws of a province, and

(ii) will be taken, within 45 days after its importation, to an inspection station authorized by the registrar of imported vehicles to carry out an inspection function to determine that the vehicle has been made to conform to the standard.

Which proposed Amendment can be found at:

<http://canadagazette.gc.ca/part1/2007/20071201/pdf/g1-14148.pdf>

(Please refer to pages 80 through 87)

Part of Paragraph (4.1) of the proposed Amendment states:

"that has been sold at the retail level in the United States and".

The foregoing text in quotations seems to create more uncertainty with respect to the importation of vehicles from the U.S. Please review the following comments:

1. Does the word "retail" prevent the purchase of a new or used vehicle from:

-
a. an individual in the United States

-
b. a wholesaler in the United States?

-
c. an wholesale auction in the United States? (e.g. dealer auctions like Manheim / Adessa or Great Lakes Auction)

-
d. a retail auction in the United States? (like Barrett-Jackson or the many other auctions where new and used vehicles are auctioned to individuals)

-
e. a franchised dealer of an auto company in the United States who is willing to sell for less than MSRP or on a wholesale basis

2. Notwithstanding the Sherman Act (anti-competition) in the United States, what impact does the amendment have on the conduct of the manufacturer who does

business in Canada with respect to the parent company coercing or contractually obligating their dealers in the United States to not sell new cars to Canadians?

The proposed Amendment by TC giving Canadians the right to import vehicles with immobilizers to the US standard will be of little benefit if the manufacturers will not allow their U.S. dealers to sell the cars to Canadians.

Various threads on the internet describe the inability of U.S. dealers to sell to Canadians. I received a copy of an e-mail which had been sent to Mr. Robert Bissett by an individual who attempted to buy a GM car in the U.S. It reads as follows:

"----- Original Message -----

From: "xxxxxxxxx" <xxxxxxxxxxxxxxxx@shaw.ca>

To: <rbissett@mts.net>

Sent: Saturday, December 01, 2007 4:33 PM

Subject: anti trust

>I saw your post on Corvette Forum. In October of 2007 I purchased a new vehicle from a GM dealer in Tennessee. I was dealing with the owner of the dealership and he knew I was Canadian and from Canada. I paid for the vehicle via bank draft which was cashed and I arranged transport for the >vehicle. I was then told by the dealer that the local GM Representative advised him that it was against GM policy to sell to Canadians and he was forced by GM to refund my money. I have a bill of sale, a copy of the bank draft, and a copy of the dealership check for the refund that GM forced him to pay.

>Thanks,

> xxxxxxxt

>

> xxxxxxxx xxxxxxxx

> 0000 xxxxxx xxxxxxxx

> Trail, BC

> xxxxxxx

If you would like the name of the person who sent the foregoing e-mail to Mr. Bissett, I would be pleased to provide it to you.

The following is an excerpt from thread <http://www.carswithoutborders.com/get-involved/#comment-220>

"I have a letter from General Motors to it's U.S. dealers, warning them that if they end up with a used General Motors vehicle on their lot that has come from Canada, General Motors would cancel the warranty."

What is the responsibility of the Canadian government with respect to lodging a complaint with the FTC and the Department of Justice in the U.S. under the Sherman Anti-trust Act?

TC by having failed to harmonize standards with the U.S. has aided and abetted these business practices of the vehicle manufacturers.

3. Does "at the retail level" restrict a Canadian dealer who wants to import new or used vehicles from the US for sale to its customers?

Most Canadians will not go to the U.S. to import a car as they have seen the TV coverage and read in the printed media about the difficulties experienced by the CWB Group. Some Canadians simply do not have the financial resources or business skills or ability or do not want to deal with the imagined or real uncertainties of buying a car in the U.S. I believe that most Canadians would prefer the convenience of buying a vehicle from a local Canadian dealer provided that the price is the same as the price in the U.S. However, I do not believe that this will occur as Canadian dealers will have vehicles that are priced by the manufacturer to what the closed TC non-tariff barrier Canadian market will bear so anyone who wants to purchase in Canada will pay the higher Canadian price. This is unfair to Canadians who wish to purchase locally and to the dealers of Canada.

The Canadian dealers are penalized by the proposed Amendment limiting the ability of Canadians to buy from U.S. dealers at wholesale as the proposed Amendment only applies to a vehicle "that has been sold at the retail level in the United States". TC should not penalize dealers who are and whose employees are for the most part Canadians.

4. TC relies on the vehicle manufacturers to certify that the vehicles meet Canadian Motor Vehicle Safety Standards. This enables the manufacturers to say which vehicles are admissible and which are not. Why has TC not harmonized standards with those of the U.S. to eliminate this power which TC has ceded to the vehicle manufacturers:

Here is an example of what happened to one Canadian:

"I am happy to announce that I think we are flying to Michigan to pick up our truck next week. All of this hoopla is regarding an immobilizer device. We had the US dealer check our truck and give us that part number. For the GMC Sierra 2500HD Duramax the part #15845229 in case anyone needs to know. I have called my General Motors dealership here in Canada, St Albert to be exact and they have confirmed that it is the same part number of the device here that is on its Canadian version of the truck. Just to be sure that ours has the CSA approval, we are going to have the \$200 part reinstalled on our truck, even though its the same one thats already on there. Just to prove Transport Canada that they are liars, and that they are not admitting my truck

because of other reasons. How can they deny my truck if it's got the part installed by a certified dealership? I will remortgage my house to hire a lawyer to sue the government if they do, because I have complied with every single thing they asked.

The foregoing comment is from <http://www.carswithoutborders.com/about/#comment-138>

Extensive comments which reflect the perception of a Canadian about the relationship between manufacturers and TC may be found at links as follows:

<http://www.carswithoutborders.com/get-involved/#comment-95>

and

<http://www.carswithoutborders.com/get-involved/#comment-144>

Unless there is complete harmonization, the TC is going to create confusion with any importer and higher prices will remain in effect in Canada. How many more times will Canadians be disadvantaged by their dealings with TC over these standards that should have been harmonized several years ago.

4. Some people are calling for a judicial inquiry given the amount of money involved in the difference in car prices that has existed for many years between Canada and the U.S. I hope that the Government will realize that many Canadian car owners feel that they have been exploited.

As you are undoubtedly aware, there is a class action lawsuit proceeding against the vehicle manufacturers selling cars in Canada. You may find the court filing at this URL: <http://www.jruslaw.com/classactions/docs/CarPrice.StatementOfClaim.pdf> TC could well be asked to give evidence with respect to their failure to harmonize motor vehicle standards with the United States.

It concerns me that our representations with respect to the proposed Amendment are to be made to TC. I do not believe that TC is an impartial arbiter in this case. I believe that in these type of situations, those with a past history relative to the matter have an interest in seeing the status quo prevail. Notwithstanding five years of effort by the auto manufacturers TC has not been able to harmonize motor vehicle safety standard with the U.S. There has been strong support for adoption of the position of the Canadian Automotive Partnership Council ("CAPC"). Given the cost to the Canadian public of the existing Canadian Motor Vehicle Safety Standards, which result in non-tariff trade barriers, a judicial inquiry may be demanded by the general public.

There is much more than the immobilizer issue at stake.

Please review the comments of the CAPC as set out below. I believe that you will conclude that the Canadian public is not being provided with a greater level of safety than the U.S. standard would provide.

Excerpts from:
Canadian Automotive Partnership Council
Regulatory Harmonization Working Group

ORIGINS OF HARMONIZATION

Since 2002, TC officials appear to have scuttled motor vehicle regulation harmonization with the US. NAFTA harmonization of motor vehicle regulations between Canada and the U.S. was an initiative that was started by former Transport Minister Allan Rock in June 2002 by the formation of the CAPC. CAPC consists of the stakeholders in the harmonization process including TC and motor vehicle manufacturers.

WHAT TRANSPORT CANADA HAS DONE TO PREVENT HARMONIZATION FROM OCCURRING - RESULT - HIGHER CANADIAN CAR PRICES

In the May 4, 2007 Report referred to below, it was stated that "No regulations have been harmonized since the last CAPC meeting.

(1) Canadian Motor Vehicle Safety Standard ("CMVSS") 208 - Frontal impact occupant protection standards

May 4, 2007 Report

- Canada has not demonstrated that there is a field problem with the current occupant protection systems. With a non-harmonized regulation, Canada risks foregoing the benefits of U.S. advanced systems or compelling more expensive unique Canadian variants of vehicles, or both.
- TC has hired a U.S. academic to conduct additional cost benefit analysis and risk analysis.
- Revised proposals continue to seek unique Canadian requirements, so this issue is coded yellow
- It has been seven years since FMVSS 208 was finalized and TC still has not completed its analysis.

June 2005 Report

- Transport Canada has proposed requirements for Canadian Motor Vehicle Safety Standard (CMVSS) 208 for Frontal Occupant Protection that are not harmonized with the belted requirements contained in the recently amended U.S. Federal Motor Vehicle Safety Standard (FMVSS) 208.
- Transport Canada acknowledges that no Canadian field data is available that would specifically support the intended unique Canadian chest protection requirements. In the absence of unique Canadian data, industry can see no technological reason for a different chest deflection standard in Canada.
- Transport Canada's proposal would create a further disharmonized regulation despite

the fact that they have failed to demonstrate material public benefit that would otherwise be observed from harmonizing with the equivalent U.S. 208. Transport Canada's own benefit analysis, which the industry feels is overstated, indicates only a ½ of 1% reduction in fatalities and injuries. Considering that approx 40% of all vehicle related fatalities and injuries are still related to impaired driving and approximately 35% are related to unbelted occupants, the government may want to consider focusing their efforts on areas of occupant safety that present greater opportunities for reduction, such as these driver behaviors.

(2) CMVSS 215 - Bumpers

May 4, 2007 Report

- Canada has unique bumper requirements (damageability) and is not currently planning to harmonize this standard.
- This requirement has precluded products from the Canadian market; these are generally low volume or cost sensitive products.

June 2005 Report

- There is no evidence that (ed. Canadian motor vehicle) bumper standards provide any measure of on-road safety and therefore the standard is simply a damageability requirement that provides no safety benefit.
- In order for manufacturers to build a vehicle for both the Canadian and U.S. markets, it must be tested to both standards. This increases vehicle development cost and in some cases can and does result in limiting the choice of vehicles for Canadian consumers, particularly when projected Canadian sales volumes do not justify the additional engineering and testing resources to certify to the unique Canadian requirements.
- Canadian standards stipulate an impact to the front or rear of the vehicle at 8 km/h (5 mph) and pendulum impacts on the corner of the vehicle at 4.8 km/h (3 mph). The Canadian test allows for minimal exterior damage as long as there is no damage to or degradation of the performance of the overall vehicle safety systems or vehicle performance.
- The U.S. standard, by comparison, requires front and rear impacts at 2.5 mph (4.0 km/h) and pendulum corner impacts at 1.5 mph (2.4 km/h) - only half the speed of Canadian tests. The U.S. test permits no damage or permanent deformation of the vehicle, other than cosmetic scratches on bumper covers and sight shields.

(3) CMVSS 114 Immobilizer

May 4, 2007 Report

- The regulation contains performance requirements for which there is no test method or procedure to demonstrate compliance, contrary to government policy.
- TC without the knowledge of the Canadian industry proposed a revision to an ECE

regulation (which was rejected) and TC added the new requirements to the final regulation in a manner inconsistent with regulatory process requirements.

June 2005 Report

- Most new vehicles sold in Canada are currently equipped with immobilizers, which can shut the vehicle down or prevent the vehicle from operating if the ignition is by-passed. These immobilizers meet the level of performance required by Transport Canada, and it is felt that most of those vehicles currently not equipped will either soon be so-equipped or those models will be discontinued. In spite of this situation and extensive discussions towards an MOU (ed. Memorandum of Understanding), Transport Canada has amended the Motor Vehicle Safety Regulations to require immobilizers (ed.to Transport Canada standard) on all new vehicles under 4 356 kg gross vehicle weight, starting with the 2008 model year (effective September 1, 2007).

(4) Self Certification

May 4, 2007 Report

- Transport Canada's (TC) discussion paper on proposed revisions to the Motor Vehicle Safety Act (MSVA) would have the effect of restricting the automotive manufacturers' ability to certify vehicles using available tools including advanced, state of the art, computerized techniques (correlated to physical tests) and engineering judgment. TC is attempting to prescribe how manufacturers certify their vehicles under the Canadian Motor Vehicle Safety Act in order to make compliance audits easier. The use of advanced methods to support certification speeds the implementation of advanced technologies and supports robust testing and compliance.

- TC, to date, has not indicated a change in its position on this issue or timeframe for its resolution.

(5) Emissions Monitoring and Reporting

May 4, 2007 Report

- The federal government is currently developing a GHG reporting system which may not be harmonized with the Ontario system.

- Environment Canada has proposed additional reporting obligations for process level emissions of Criteria Air Contaminants beyond those required of U.S. facilities.

June 2005 Report

- Current Canadian regulations require that new vehicles be certified to meet U.S. Environmental Protection Agency (EPA) Tier 2 emission standards. These Tier 2 standards are the most stringent emissions standards in the world. Through a phase in process that will be completed by 2009, both cars and light trucks, including Sport Utility Vehicles (SUVs), will be grouped for the first time into a common set of emissions requirements. Meeting these emission standards represents a challenge to reducing fuel consumption, and as a result reducing carbon dioxide (CO₂) emissions which are

directly related to the amount of fuel consumed. Consumption reducing technologies such as direct injection compression ignition (diesel) and direct injection (gasoline) engines are challenged by tight emissions standards. However, even with the introduction of new technologies and the common process with the U.S., Canada's ability to meet these requirements is still severely challenged because of differing fuel quality. Under the Tier 2 program, the in-use performance of emission control systems must be maintained for the useful life of the vehicle or 190,000 kilometers. Attaining this long life requirement is highly dependant on fuel quality, which in Canada, has been compromised by the addition of manganese-based fuel additives in most consumer purchased fuel. In general, fuel suppliers have temporarily suspended the use of manganese-based additives in gasoline refining pending the outcome of the Government's independent scientific third party review. Unfortunately this review continues to be delayed by the government and seriously risks the re-introduction of this metal-based fuel additive.

Key Recommendations:

- Continued harmonization of fuel economy targets between Canada and the US remain a high priority in order to ensure Canadians benefit from the economies of scale associated with harmonized automotive product and the resulting technology and cost benefits associated.
- Maintain consistent fuel economy standards between Canada and the US. Ensure Canadian CAFC remains a voluntary program with targets that are fully harmonized with US CAFÉ.
- Ensure implementation of harmonized vehicle emissions standards does not lead to costly duplication of in-use vehicle emissions compliance testing in Canada.

(6) Additional list of unique Canadian requirements:

June 2005 Report

- CMVSS 101 - Requires metric cluster (speedometer/odometer) and permits/requires ISO symbols
 - CMVSS 108 - Requires Daytime Running Lamps
 - CMVSS 201 - Not as stringent as FMVSS 201 - CMVSS 201 was not amended to adopt the FMVSS Final Rule that was effective September 1, 1998
 - CMVSS 205 - References ANSI Z26 1996, but allows testing to ANSI Z26 1990 at the manufacturer's option.
 - 208CMVSS 210.1 and 210.2 - equivalent to FMVSS 225 - minor differences
 - CMVSS 214 - Does not include dynamic test requirements; however, manufacturers have signed a Memorandum of Understanding which commits us to market vehicles that meet FMVSS 214 and satisfy the OOP Guidelines developed by the Alliance
- Transport Canada requires Canadians to make certain modifications to certain admissible vehicles imported from the U.S.. For example, Transport Canada requires certain vehicles to have the U.S. foam bumper absorber to be replaced notwithstanding the U.S. bumper absorber meeting the FMVSS as set out below (including a comparison

with the Canadian standard).

The above excerpts are from:

Canadian Automotive Partnership Council
Regulatory Harmonization Working Group
Progress Report - May 4, 2007

http://capcinfo.ca/english/reports/documents/2007/RegHarmon_e.pdf
and

Vehicle Manufacturers in the North American Environment
Security and Prosperity Partnership of North America
Canadian Automotive Partnership Council
June 2005

http://capcinfo.ca/english/reports/report_jun28_05.html#impact

The harmonization of Canadian motor vehicle safety standards with those of the U.S. should contribute to having not only lower prices but also safer, more fuel efficient and environmentally friendly cars. People having a fixed dollar amount to spend on a vehicle will get a newer vehicle with the same number of dollars.

Many Canadians are aware of the excessive premiums over U.S. prices being charged in Canada for motor vehicles. The media has shown continuing interest in TC's dealing with the CWB Group. In addition there have been segments about Canadian vehicle electric vehicle manufacturers who have been selling their electric vehicles throughout the world but could not sell them in Canada because TC has for a period of approximately four (4) years refused certification. This most recent case follows another case of a Canadian built passenger vehicle which TC delayed in certifying over an extended period...until the Fifth Estate did a documentary piece on the Canadian manufacturers problems with TC.

Why has TC not dealt with the harmonization issue in a timely manner.

TC requires the original of a Recall Letter on the manufacturers letterhead for admissible vehicles imported from the U.S. The manufacturers or dealers charge up to \$5,000.00 for a Recall Letter or outright deny issuance of a Recall Letter. Canadian citizens are placed in an untenable situation because of TC in that the vehicle manufacturer can elect to refuse to provide a recall letter at any price.

With many vehicles, TC requires the importer to contact the Canadian operations of the manufacturer to determine its' admissibility for importation in to Canada and obtain a letter of admissibility from the manufacturer. Once again TC is creating a non-tariff barrier.

What recourse does an owner of such a manufacturers vehicle have when a recall or admissibility letter is denied by the manufacturer?

Does TC not recognize the terms of NAFTA?

TC has created non-tariff trade barriers that limit the ability of Canadians to buy less costly vehicles in the U.S. Until the safety standards are harmonized with the U.S. Canadians will have to deal with issues that should not be issues.

The requirement for the motor vehicle manufacturers to comply as of September 1, 2007 with an immobilizer standard unique to Canada is the main reason for the large number of 2008 U.S. models being inadmissible to Canada. If total harmonization was realized, Canadians could then purchase the vehicle which they want, whether it be in Canada or the U.S. There would be no changing admissibility list at TC.

Subject to the U.S. Department of Justice dealing with the auto manufacturers with respect to their practices of denying their U.S. dealers the right to sell to Canadians, Canadians should have the right to purchase any 2008 motor vehicle in the U.S. without any modification(s) (as is presently the case with some vehicles).

A precedent was established recently in British Columbia where the B.C. Supreme court ruled that Toyota Canada was liable for the warranty work of a vehicle which a Canadian had purchased in the U.S. from Toyota U.S.A. The difference in prices has been great enough for many Canadians who buy vehicles in the U.S. not to be concerned about the cost of any repairs that may be necessary on their new vehicle.

The value of the Canadian dollar relative to the U.S. dollar in recent months has increased the number of imports because of the increase in the Canada – U.S. price differential. However, there has been a material difference in price between the two countries for many years. It is not only the price of the new vehicle. The differential also applies to OEM replacement parts.

Examples of motor vehicle price differences between Canada and the United States from: <http://www.ataleoftwoprices.com>:

2008 Toyota Camry - 25% to 35% more in Canada than U.S. depending on trim

2008 Chevrolet Impala - 16% to 27% more in Canada than U.S. depending on trim

2008 Ford Mustang - 21% to 33% more in Canada than U.S. depending on trim

2008 Ford Taurus - 34% to 38% more in Canada than U.S. depending on trim

2008 Chrysler PT Cruiser - 36% to 41% more in Canada than U.S. depending on trim

2008 Honda Civic - 15% to 27% more in Canada than U.S. depending on trim.

2008 Lexus LS - 40% to 42% more in Canada than U.S. depending on trim

2008 BMW 5 Series - 36% to 43% more in Canada than U.S. depending on trim

You may wish to verify the accuracy of the above comparisons at www.edmunds.com

I hereby request your doing what you can to help those who have been disadvantaged by Transport Canada by what may be termed the "immobilizer" problem.

I further request that you do what you can to get Transport Canada to harmonize motor vehicle safety standards with the United States so that no other Canadians have to endure the experience of the CWB Group

Yours sincerely