U.S. DEPARTMENT OF TRANSPORTATION
TALKING POINTS
September 19, 2000

Firestone Tire Investigation - Release of Updated Complaint Database

- **NHTSA today released an update to its working database of complaints received regarding the Firestone Tire investigation. As expected, the investigation and resulting publicity has increased the complaints being received -- consequently, the numbers in each category have increased.**

- **The number of fatalities is now 103 - up from 88 known fatalities on August 31. The total number of complaints in the data base is 2226 - up from 1524 on August 31.**

- **None of these fatalities in this working database have occurred since the recall was announced by Firestone on August 9.**

- **Reports to NHTSA of serious crashes - certainly fatalities - is often delayed for many weeks. Thus, this investigative database does not include reports of recent fatalities.**

- ***If asked:* Do you expect the number of fatalities to increase?**
  Answer: As the investigation continues and we continue to review and analyze data, there unfortunately will be additional complaints, fatalities and injuries recorded. This is to be expected with an on-going investigation. Also, to reduce the potential for additional deaths, NHTSA will continue to diligently work with Firestone, Ford and other manufacturers to help ensure that these tires are replaced as soon as humanly possible.

- **The Firestone investigation is NHTSA's highest priority.**

- **NHTSA has asked Congress for additional information-gathering authority.**

- **NHTSA is reallocating funds and employees to support the investigation and help monitor the recall.**

BACKGROUND

The NHTSA complaints database is a cumulative working database to assist in the investigation into automotive defects. It does not purport to be a census of all incidents involving the tires in question.

This database includes all complaints received by NHTSA that pertain to the investigation of Firestone tires as of Friday, September 15. The previous update was made on August 31..

	August 31	September 15
Complaints	1,524	2,226
Fatalities	88	103
Reported Injuries*	250+	413
Reported Crashes*	306	377
Reported Rollovers*	193	237
Report Tread Separation*	1,023	1,506

* May include duplicates of the same event

Sources of the Data
As of September 15, there are 103 fatalities in the database - 95 of those fatalities were reported directly to NHTSA. Firestone has provided NHTSA with information about 44 incidents with fatalities - 8 of those had not been reported directly to NHTSA.

Firestone's Claim of Confidentiality for Information Provided to NHTSA
Bridgestone/Firestone invoked claims of confidentiality on the information it submitted about tire claims. Thus, the Firestone data are not individually listed in the database. On September 1, NHTSA denied Firestone's request for confidentiality, and notified Firestone of that decision. Bridgestone/Firestone has until approximately September 22 to request reconsideration of the agency's denial of their confidentiality.

U.S. DEPARTMENT OF TRANSPORTATION
TALKING POINTS
September 12, 2000
~~Firestone Tires~~

Revised

- **The U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) opened an investigation into the Bridgestone/Firestone matter promptly when data supported an inquiry.**
    - The Department actively promotes its Auto Safety Hotline -- calls to an 800 number -- so as to enable consumers free of charge to register complaints about possible safety defects. There were only 46 complaints about these tires out of 47 million produced between 1990 the end of 1999. On May 2, after the number of complaints had doubled between January and April, NHTSA opened an investigation. (The Hotline number is 1-888-327-4236.)
    - Other information provided at an earlier date, such as data on 21 State Farm insurance claims over eight years, was limited and also showed no trend in a total number of 40 million of these specific tires.
- **This initiative -- the investigation -- resulted quickly in a recall by Bridgestone/Firestone.**
    - At NHTSA's request and only four months after opening this investigation, Ford Motor Company and Bridgestone/Firestone announced a recall of more than 14 million tires produced between 1991 and this year.
    - NHTSA felt it was critical to not limit the recall to the southwestern United States but to expand it to the entire country, and convinced the manufacturer to move immediately.
- **We are continuing this investigation by reviewing information about the remaining tires in the group under inquiry and will be getting information from other tire manufacturers.**
    - NHTSA moved quickly to issue a consumer advisory last week, warning owners about the increased failure rate we found in this group of tires. We felt there was increased risk and the owners ought to know it even when Bridgestone/Firestone refused to expand this recall at our request.
- **The continuing investigation could result in an order directing Firestone to recall additional tires. NHTSA has over the past several weeks received thousands of pages of documents from Ford and Firestone and is reviewing these documents.**
    - In testimony before the Senate Commerce, Science and Transportation Committee, Secretary Slater on Sept. 12 asked that Congress share with the Department of Transportation all the information it has been provided.
- **The Secretary has directed NHTSA to use every available means to conclude the investigation within six months.**
- **NHTSA is carefully monitoring the Firestone recall to make sure that consumers receive replacement tires in a timely manner.**

- **We are committed to developing new ways of obtaining and discovering safety defect information from all possible sources so that we can identify potential motor vehicle, vehicle equipment and tire safety defects as early as humanly possible.**

- **We have requested that Congress authorize additional authorities for NHTSA to expedite the investigation. These include the following:**

  - Enhanced authority to require manufacturers to provide information to NHTSA about foreign recalls and customer satisfaction campaigns.

  - Authority to cooperate internationally by exchanging with other countries information about motor vehicle safety defects, enforcement of safety standards, safety research, etc.

  - Authority to tighten reporting requirements for manufacturers by fixing loopholes -- in effect, require manufacturers to provide NHTSA all communications available to dealers and require original equipment manufacturers to report to NHTSA on safety defects.

  - Continue to seek the introduction of previously submitted bills, i.e., amendment to increase the civil penalty for violations, remove the ceiling (now $925,000) on civil penalties (a change from the $4 million limit originally sought), extend the period during which vehicles and tires are subject to recall, and require manufacturers to test their products before certifying their compliance with standards.

- **The President's Budget for Fiscal Year 2001 includes an additional $1 million for NHTSA's Safety Defect Investigation Program. In addition, the U.S. Department of Transportation in testimony on Sept. 12 will requested an additional $9 million to enhance the Safety Defect Investigation Program. These funds will complement the $1.8 million reallocated by NHTSA to expand the Bridgestone/Firestone investigation. This funding would be within the levels requested in the President's budget.**

  - From 1995 through 1999, 87.5 million motor vehicles have been recalled. Over 66 percent of the vehicles recalled were influenced by NHTSA investigations. The fact that NHTSA has not had to go to court to order a vehicle manufacturer to conduct a drecall in the past five years is due to the quality of the investigations. This has enabled NHTSA to convince manufacturers to step up, do the right thing, and conduct recalls.

- **On Tuesday, Sept. 12, Secretary Slater presented the Administration's request for increased funding and additional authority in testimony before the Senate Commerce, Science and Transportation Committee. As head of the agency directly responsible for the Safety Defect Investigation Program, Dr. Sue Bailey testified before subcommittees last week.**

- **The Office of Defects Investigation will continue to use its current threshold guidelines as criteria in examining complaints about tires to determine when tire investigations are warranted.** (Just as we normally do not publicly discuss the progress of a safety defect investigation while it is on-going, we normally do not discuss these criteria.) **Among these criteria are the following:**

- Complaints to NHTSA numbering more than 13 but fewer than 25 in the preceding two years on the same make and model of a tire alleging a similar defect prompts management review.

- Complaints to NHTSA numbering more than 25 but fewer than 63 will prompt an investigation.

- Crashes involving injuries or fatalities or an indication that a reported failure could lead to such a crash, reduces the number of complaints required to usually lead to action.

- **A NHTSA team next month will conduct an inspection of Firestone's Decature, Ill., plant as part of NHTSA's on-going investigation. NHTSA will obtain the Ford and Firestone investigation report and documents relating to it as well as other information relating to the operation of the Decatur plant.**

- **Safety is and remains our highest transportation priority.**

BACKGROUND

On May 2, 2000 the National Highway Traffic Safety Administration (NHTSA) opened an investigation into an alleged defect in 47 million Firestone tires covering numerous sizes and models produced over 10 years. That investigation is continuing.

On August 9, 2000 Firestone announced a recall of an estimated 14.4 million ATX, ATXII and Wilderness tires that were covered under the NHTSA investigation. The tires were predominantly installed as original equipment on Ford Explorer sport utility vehicles.

On September 1, 2000 the National Highway Traffic Safety Administration issued a consumer advisory affecting an additional 1.4 million tires not included in Firestone's Aug. 9 recall. The tires affected by the Sept. 1 advisory were found to have tread separation rates that, in many cases, exceeded the rates for the tires already recalled, based on NHTSA's analysis of documents provided by Firestone.

As a result of the defect investigation and attendant publicity, NHTSA has received reports of over 1,400 incidents of tire failure resulting in at least 88 fatalities and over 250 injuries. In most instances, the tread separated from the tire. These numbers continue to grow on a daily basis.

###

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http://www.dot.gov/briefing.htm

The following 4 **pages (including cover sheet) are for:**

Name: JENNY ENGEBRETSEN

Date: 9/12/2000

Organization: WHITE HOUSE PRESS OFFICE

Phone Number:

Fax Number: 456-6423

The following pages are from: MARY TRUPO

Comments:

THIS UPDATES OUR
TALKING POINTS ON
THE FIRESTONE RECALL.

If you do not receive all pages of this fax, please call

U.S. DEPARTMENT OF TRANSPORTATION
TALKING POINTS
September 12, 2000
Firestone Tires

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Lisa Ferdinando
09/14/2000 10:22:49 AM

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To: See the distribution list at the bottom of this message

cc:

Subject: Secretary Slater on CNN Morning News, September 13, 2000

``CNN MORNING NEWS"
SEPTEMBER 13, 2000

SPEAKERS: DARYN KAGAN, CNN ANCHOR
RODNEY SLATER, U.S. TRANSPORTATION SECRETARY

KAGAN: Joining us now to talk more about the fallout from the Firestone tire recall is Transportation Secretary Rodney Slater. He is joining us from our Washington D.C. bureau.

Mr. Secretary, good morning. Thanks for joining us this morning.

SLATER: Good morning. It's good to be with you. Thank you.

KAGAN: I know you had a chance to testified yesterday before the Senate Commerce Committee. And you are asking for some help for your agency. What kind of help would you like to get?

SLATER: Well, you are right. Yesterday we had a very good meeting before the committee, and I will tell that I really appreciate Chairman McCain and Ranking Member Hollings, as they, along with the other members of the committee, really worked with us in discussing how we move forward, how we are tough and moving forward on the investigation at hand, but also how we enhance the authority and provide additional resource for NHTSA, the National Transportation Safety Administration,which is within the department, having direct responsibility for highway safety matters. How we strengthen...

KAGAN: Because it's clear, Mr. Secretary, at least in the Firestone situation, that the system did not work?

SLATER: Well, the system did not work as it could have. Clearly, had we had the authority to require, or had manufacturers had the responsibility to submit to us information regarding recalls overseas, then we would have had additional information and could have moved forward faster.

But when we did move in May that resulted in a recall in August, and we've also come back with a consumer advisory dealing with additional tires. So we are moving forward now. But, clearly, the additional authority would have helped, had we had it earlier.

KAGAN: What about the limitations right now you have on fines?

SLATER: Well, we are actually proposed, as we had in a communication with the Congress back in Congress, to actually lift the ceiling completely on the civil penalties that can be leveled in a case like this. Also, extending the period, the time period for recalls on vehicles and tires, things of that nature. And a number of other things that are a part of that particular proposal.

KAGAN: Do you think, bottom line, that these hearings have actually been productive. It seems like there is a lot of finger-pointing and for the, you know, the Mary and Joey Smith, who just want to go ahead and get their tires changed on their Ford Explorer, it can be kind of frustrating to watch these big corporate powers and government powers just kind of duke it out. All they want to do is get their tires changed.

SLATER: Well, that is true. But I tell you that these hearings have been necessary to bring to the table the facts about, you know, the situation surrounding the recall. And we've been able to actually expedite the process of educating the public and also moving forward with the investigation, as a result of the hearings. They've been helpful.

And then, yesterday, to actually have a very productive hearing about how we move forward, how we enhance the authority and provide additional resources for a very important organization like NHTSA, that was very, very good.

Chairman McCain is talking about marking up a measure next week with the hopes of getting it passed before Congress ends its business in a few weeks. That is good, that's movement, that's the process working.

KAGAN: You heard a slight admission by the Firestone people yesterday that perhaps there was a design problem with these tires. But does it surprise you that we are this far down the line, this many deaths, this many accidents, and we still don't know exactly why these tires failed?

SLATER: Well, a lot of times, these investigations take time. Now, clearly, there were things that we could have done here, had we had information, and had we been able to move more quickly that would have at least educated the public about the challenges and the possibility for injuries resulting from a defect in the tires.

But, you know, that being the case, meaning the facts as they were, I think that we are on top of the issue now, I think that we are moving forward. Again, it's good that the parties are really required to come forward, to state their case, and to bring some public airing to the issues. That is a good process and, and from that process, we must move forward to ensure that this does not happen again. And that is what the hearing was about yesterday as well.

KAGAN: And just real quickly, as we wrap, your best advice to folks who still have these tires on their cars?

SLATER: Well, continue to monitor the tires, but also go to the Ford and Firestone dealerships and seek to get the tires replaced. That is, now, possible because of the recall, because of the investigation, and because of the responsibility that we all share in ensuring that the products that people use, they should be able to rely on those products performing as they should.

So, go to the dealerships, go to the various manufacturing locations, have the tires changed. And if they aren't available, you know, check other locations and make sure that you get information about the time period, when the tires will be available for replacement.

KAGAN: Rodney Slater, transportation secretary, thank you for your time, sir.

SLATER: Thank you.

END

Message Sent To:____

U.S. Department of Transportation

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The following 11 **pages (including cover sheet) are for:**

Name: Anna Richter

Date:

Organization:

Phone Number:

Fax Number: 456-7028

The following pages are from: Bill Adams

Comments:

Let me know if this helps — It's due for a regular update in November/December —

Bill

If you do not receive all pages of this fax, please call

U.S. Department of Transportation
1999 Summary of Major Accomplishments

A visionary and vigilant Department of Transportation leading the way to transportation excellence in the 21st century.

Since 1993, President Clinton and Vice President Gore have led America in preparing for the 21st Century. Under their leadership, the nation is enjoying a balanced budget, the strongest economy in a generation, nearly 22 million new jobs, and the lowest unemployment in 30 years.

This economic strength, Secretary of Transportation Rodney Slater has said, is enabling our nation to invest in America's infrastructure and to improve the safety and efficiency of our nation's transportation system.

With safety as the highest priority, DOT is working together with other public agencies and the private sector to create a transportation system that is accessible, integrated, efficient and flexible for travelers and commuters.

This year – 1999 – was both productive and exciting for the Department for many reasons, and we will continue to build on these successes in the New Millennium.

Safety – Our Highest Priority

<u>Motor Carrier Safety</u>: In May of 1999, Secretary Slater challenged the Department and its allies to attain the goal of reducing motor carrier traffic fatalities by 50 percent over 10 years through a comprehensive effort in partnership with safety groups, industry, and federal, state and local government authorities. On December 10, 1999, President Clinton signed the Motor Carrier Safety Improvement Act of 1999, which Secretary Slater declared an "important moment in safety for American transportation." The new law will get dangerous vehicles off of our highways, save lives and help reach the goal of reducing highway fatalities. To achieve this goal, we have taken a number of positive actions and made great progress, including:

- A 67 Percent increase in Compliance Reviews. A total of 4,376 compliance reviews were conducted throughout the United States from May to October.
- Tripled number of Federal Safety Investigators at the U.S.-Mexico border to 40 (an increase from 13 investigators).
- Enforcement Case Backlog Reduced by more than 2/3, from 1,174 to 235.
- Average fines settled have doubled to an average of $3,440 per enforcement case from May-September.

- On Aug. 2, 1999, the Administration's Motor Carrier Safety Act of 1999 was introduced. The department sent legislation to Congress to propose tough new penalties, stricter regulations, advanced technology and strengthened state enforcement requirements with additional funding.

- Important regulations have been completed, including a proposal that would make violating highway rail crossing warnings a serious CDL (commercial driver license) violation, warranting disqualification.

Seat Belts Save Lives: The nation has witnessed impressive increases in seat belt usage. In May, as part of the kickoff of the fourth wave of the Operation ABC Mobilization: America Buckles Up Children -- also known as the **Presidential Initiative on Safety Belt Use**, the DOT announced that belt use nationally rose to almost 70 percent in 1998, the highest belt usage rate on record in the U.S. Impressive usage gains were recorded for all age groups, including young passengers. Restraint use for toddlers ages 1-4 increased to 87 percent in 1998 from 60 percent in 1996. Restraint use for infants under one year increased to 93 percent in 1998, an 8 percent increase over 1997. Each year **Safety belts** save an estimated 11,000 lives, while child seats save the lives of over 300 children under five years old. Our goals are to increase safety belt use to 85 percent in year 2000 and 90 percent in year 2005.

Air Traffic Control Modernization. The DOT, with the Federal Aviation Administration in the lead, is working to improve and modernize the nation's air traffic control system. The FAA not only finished installing the new HOST computer system at all locations -- which replaced 1980s computers with smaller, faster, more energy efficient machines -- but completed it on time and on budget. We anticipate an estimated savings of $15.6 million in reduced electrical power consumption over a 10-year period and a 65% reduction in maintenance costs as a result of the new system. And we reduced our Y2K uncertainties in the process.

The Department also replaced 30-year-old radar displays at 20 air traffic control centers on schedule while embracing more business-like management methods and, with congressional support, more flexible funding methods. We have installed and integrated more than 700 major system and equipment components and provided more than 5,800 hardware and software upgrades. These efforts produced **immediate payback** to the FAA -- and to the ultimate customers -- the airlines and the traveling public. For instance, last year, the FAA made a $60 million investment in system upgrades at Ronald Reagan Washington National Airport. As a result, we saw a 30 percent reduction in the outages that mess up travel for all of us.

Highway-Rail Grade Crossing Safety: Five years ago the Department launched an initiative to improve highway-rail grade crossings in order to save lives and eliminate injuries. Today we can report that **we have achieved dramatic results: Since 1993, 195 lives have been saved annually**. Estimates for 1999 indicate a decline in crossing fatalities of more than 15% because of grade crossing improvements. As a result of our highway-rail grade crossing initiative, there have been 30% fewer highway-rail crossing collisions and 31% fewer injuries as a result of the program.

In fiscal 1999, the U.S. Department of Transportation provided $154.8 million to states to be used exclusively for highway-rail crossing improvements or hazard elimination. An additional $314.8 million is available for eliminating or improving grade crossings. There are more than 259,000 existing highway-rail grade crossings in the United States. States and localities, working with DOT, have closed more than 33,000 unnecessary grade crossings since 1991.

Initiative to Reduce Accidents Involving Human Error: In August 1999, FRA launched a proactive industry-wide safety initiative to prevent railroad accidents, injuries and fatalities that are caused by human factors. By working in partnership with rail labor and railroad management to focus on prevention of human factor accidents, we harnessed the combined knowledge and experience of the men and women who work on the railroad every day, enlisting them as active advocates for safety. Under the initiative, DOT completed its first-ever, comprehensive set of safety regulations for passenger rail equipment. A final rule, done in collaboration with all stakeholders, was completed on May 12, 1999. The Passenger Equipment Safety Standards Working Group, chaired by FRA, included representatives of passenger rail management and labor organizations, rail equipment manufacturers, rail passenger organizations, and a state; and other federal agencies served as advisors. The new standards will apply to both Amtrak and commuter railroads. ***This rule improves the safety of passenger rail vehicles that transport 440 million people nearly 14.6 billion passenger-miles annually.*** Passenger equipment and passengers will be better able to survive crashes because of the equipment's enhanced structural strength, fire safety, and emergency systems.

Traffic Safety Improvements in 1998: NHTSA and the FHWA jointly established a goal of reducing traffic deaths and injuries 20 percent by year 2008. This would reduce annual traffic deaths to 33,500 and crash injuries to 2.8 million and produce a 35 percent lower traffic fatality rate. As a result of NHTSA's and FHWA's efforts -- such as the "Buckle Up for Safety" and child safety seat campaigns in partnership with other agencies and the private sector -- traffic deaths declined by 1.3 percent last year to the lowest level in the past four years, decreasing to 41,480 deaths in 1998 from 42,013 deaths in 1997. While travel miles were up by 2 percent from 1997, the traffic fatality rate remained steady (at 1.6 deaths per 100 million miles of vehicle travel). In 1998, the number of fatalities in large truck crashes per 100 million miles was 2.7, down from 2.8 in 1997. Crash-related injuries declined by 4.4 percent, falling to 3.251 million in 1998 from 3.399 million injuries in 1997. DOT will continue to stress prevention and safety measures to meet our goals of reducing traffic deaths and injuries.

Hazardous Materials. DOT finalized rules governing the transportation of hazardous materials, including one to improve the safety of unloading cargo tank motor vehicles used to transport liquefied compressed gases. These new regulations reduce the risk of accidental releases of hazardous chemicals.

U.S. Coast Guard Saves Lives. In FY 98, the Coast Guard saved 4041 people. In the aftermath of Hurricane Floyd alone, over 500 people were rescued.

Y2K Readiness: Y2K is both a safety and a global management challenge. Deputy Secretary Mort Downey, who represented DOT as a member of the President's Council on Year 2000 Conversion, led a comprehensive and concerted effort across the Department to ensure that the nation's transportation systems will operate safely and efficiently both during and after January 1, 2000. In order to be ready for the Year 2000 date change, the Department completed a comprehensive four-year, $426 million effort to make all of its 609 mission critical systems fully Y2K ready. This included all DOT modal Administrations and all forms of transportation, including rail, aviation, and maritime. As a result, the nation's transportation system is Y2K ready and will operate safely on New Year's eve and day and in the New Millennium.

Mobility – Moving Goods and People

Job Access. In 1999, FTA's Job Access and Reverse Commute Program awarded $71 million in grants for 179 innovative transit service projects to link people who need jobs and jobs that need workers. The program serves thousands of people in transition from welfare to work.

Livable Communities Initiative (LCI). In 1999, 12 of 22 demonstration projects totaling over $55 million, leveraging $118 million in total project costs, were completed under the Livable Communities Initiative. The LCI demonstrates transportation's contribution to improving the quality of life in communities large and small throughout the nation. LCI supported such White House initiatives as the National Empowerment Zones and Enterprise Communities, New Markets Initiative, Welfare to Work, Brownfields, Delta Initiative, Southwest Border and Appalachian Region, and the STEP Foundation. LCI emphasizes policies to incorporate family friendly facilities such as childcare, police sub-stations, health care, job training and one-stop job shops into transit hubs.

Marine Transportation System. Under Secretary Slater's leadership, the DOT developed a bold and comprehensive plan in 1999 to modernize our nation's Maritime Transportation System (MTS). We began by putting together a Task Force that included maritime leaders and experts from both the public and private sectors to develop a comprehensive blueprint for modernizing our maritime infrastructure entitled, ***An Assessment of the U.S. Marine Transportation System.*** The goal and vision for our MTS is to be the world's most technologically advanced, safe, secure, efficient, effective, accessible, globally competitive, dynamic and environmentally responsible system for moving people and goods by 2020. The total volume of domestic and international marine trade could triple over the next 20 years and the number of recreational users is expected to grow by over 65% to more than 130 million annually. Therefore, we need to be prepared, and we are with the MTS Assessment. Over the next decade, DOT will work with all MTS stakeholders to implement their recommendations.

Aviation Access and Competition

Secretary Slater's leadership has opened more markets and created more opportunities for air service than any comparable period in U.S. aviation history while enabling passengers and shippers to enjoy more frequent service and lower fares.

<u>Steps Taken to Increase Airline Competition</u>. In July 1999, the Transportation Research Board's panel on airline competition issued a report, requested by Secretary Slater, finding too little airline competition in many areas and a need for government action to promote competition Since 1993, DOT has been working to increase airline competition. Some of the actions we took in 1999 include:

- Provided training and guidance to field offices and airports to make sure airports' legal obligation to provide reasonable access is met;
- Approved the use of passenger facility charges and AIP funding only if airport operators and airlines can demonstrate that competition is encouraged;
- Required airport operators to resolve new entrant access complaints within reasonable time periods, to specify and publish requirements for new entrants and for expansion;
- Exempted some new entrants from the slot rule to open slot-restricted airports;
- Proposed legislation that would exempt the new and very quiet regional jets from slot rules in New York and Chicago as of September 2000 and to completely eliminate the slot rule by 2004 for those cities;
- Began a complete review of computer reservation rules with the goal of ensuring that consumer have fair access to unbiased service and price information and that the systems don't restrict airline competition;
- Proposed a rural air service pilot program to stimulate the market for air service by requiring interlining agreements between dominant carriers at connecting hubs and non-affiliated airlines serving small communities to that hub;
- Consulted with the Department of Justice while reviewing domestic and international airline alliances and cooperative working arrangements to make sure that they don't adversely affect competition.

<u>Aviation in the 21st Century – Beyond Open Skies</u>. Secretary Slater invited the world's nations to Chicago for a conference on finding ways to liberalize aviation markets to enhance competition and benefit consumers throughout the world. Transportation and aviation ministers, representatives of industry and government and others from the aviation field from 93 nations met to consider the issues facing the international aviation market, particularly safety and modernization. As a result, Secretary Slater announced that the U.S. is prepared to begin discussions to implement a new international aviation policy architecture. Secretary Slater said that the consensus reached at the conference by the U.S. and its Open Skies partners to explore beyond bilateralism for ways to meet the challenges faced by aviation in the 21st century paved the way for these discussions to begin. The conference adopted a report that acknowledged the need to address the aviation challenges of the 21st Century. A separate report was adopted by the Open Skies countries to work beyond bilateral agreements and toward global liberalization. These discussions likely will be conducted on a regional basis with aviation leaders from Europe, Latin America, Asia-Pacific and other regions of the world. The discussions would also include key regional groupings such as the European Commission and APEC, as well as others that share the vision of a more open and coordinated aviation regime.

The Centennial Year of Aviation and FAA Reauthorization. In 1899, the Wright brothers began the serious pursuit of a sustained heavier-than-air machine that could carry mankind. In 1999, we will commemorate this historic event with a successful year of aviation accomplishments. But, we know that more needs to be done, through efforts like the enactment of the authorization bill for the Federal Aviation Administration. This bill recognizes the critical role that aviation plays in our economy not only today, but in the new millennium.

Slot Exemptions. DOT granted slot exemptions that resulted in better customer service for travelers -- specifically nonstop, regional jet service between Chicago/O'Hare and six cities (Savannah, GA/Hilton Head, SC, Greenville/Spartanburg, SC, Huntsville, AL, Baton Rouge, LA, Mobile, AL, and Charleston, SC). These are markets that previously had no non-stop access to O'Hare. DOT also granted slot exemptions enabling low-fare services between New York/LaGuardia and two new markets, Detroit City Airport and Myrtle Beach, SC.

New Domestic Carriers. During FY 1999, DOT licensed four new air carriers to conduct passenger service with large jet aircraft--over 60 seats [National Airlines, Puerto Rico Airways, Legend Airlines, and JetBlue]. In addition, the Department authorized two new large jet charter air carriers to conduct all-cargo operations [Reliant Air and Asia Pacific]. DOT authorized eight new regional air carriers to conduct scheduled passenger service with small aircraft [Wrangell Mountain Air, Inland Aviation, Ozark Air Lines, Daystar Airways, Redemption/Island Air, Air Ketchum, TIE Aviation, and Rio Grande Air].

JetBlue Airways Corporation. In September 1999, DOT approved JetBlue Airways' request for a total of 75 slot exemptions at New York's John F. Kennedy International Airport (JFK) for non-stop, low-fare jet air service to and from JFK. This action will bring to the New York metropolitan area and many of its short- and medium-haul communities of interest a route system of price-competitive transportation services to about 30 markets it intends to serve.

Safe Skies for Africa Initiative. U.S. Secretary of Transportation Rodney E. Slater led a six-country mission to Africa from July 7 - 15, 1998. This was the first Cabinet-level mission to Africa to follow President Clinton's historic visit there in March and April of 1998. The Secretary visited with leaders in Cape Verde, Ethiopia, Zimbabwe, Angola, Cameroon, and Senegal. The purpose of this Presidential initiative is to promote sustainable improvements in aviation safety and security in Africa and to create the environment necessary to foster the growth of aviation services between Africa and the United States. While in Ethiopia, Secretary Slater signed a $100,000 grant for the U.S. Trade and Development Agency to Ethiopian Airlines for FAA certification of a Boeing flight simulator used for training. Once certified, it will be available to pilots throughout Africa and the Middle East. In Harare, Zimbabwe, the Secretary announced DOT approval of a new code-sharing alliance between Northwest Airlines and Kenya Airways. On November 3, Tanzania became the first African country to sign an Open Skies agreement with the U.S. DOT will lead the initiative, which recognizes that Safe Skies are a prerequisite for increased trade and investment and long-term economic development in Africa. The initiative also complements U.S. Government efforts to conclude "open skies" agreements with key African countries and promote code share agreements between U.S. and African airlines. Specific goals include:

1. Quadrupling the number of sub-Saharan African countries that meet ICAO safety standards (based on FAA assessments).
2. Improving airport security at between 8-12 airports within the region within three years.
3. Improving regional air navigation services.

Economic Growth and Trade

Innovative Financing for Infrastructure. In September, DOT announced the first five projects to benefit from the Transportation Infrastructure Finance and Innovation Act (TIFIA). TIFIA was authorized under the Transportation Equity Act for the 21st Century (TEA-21). The Department of Transportation is providing $1.6 billion of credit assistance to projects of national significance in California, the District of Columbia, Florida, New York and Puerto Rico worth $6.5 billion at a cost of only $61 million to the federal government. Every TIFIA dollar spent will contribute to more than $100 in capital investment for critical infrastructure needs such as border crossing infrastructure, highway trade corridors, and transit and passenger facilities with regional and national benefits. President Clinton has called TIFIA "a catalyst for creating jobs and continuing our nation's record economic growth."

The Delta and New Markets Initiatives. President Clinton on July 23 announced a four-point action plan for rural America that will expand the rural economy through exports and development, improve the farm income safety net, strengthen rural infrastructure and promote health, welfare and a clean environment. Two important initiatives under this action plan are the Delta and the New Markets Initiatives. The Delta Region encompasses portions of Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri and Tennessee bound together by their ties to the Mississippi River. Vice President Gore signed an agreement with the Southern Empowerment Zone and Enterprise Community Forum and the Lower Mississippi Delta Development Center forming the Delta Regional Initiative. Its aim is to break the cycle of persistent poverty and high unemployment in rural areas. Secretary Slater and DOT have actively participated in the Delta Initiative both by funding transportation and infrastructure improvements in the region, partnering with other federal and state agencies, and attending listening sessions in the Delta to find out where assistance is most needed. An example of assistance is DOT funding to help renovate a train station in Meridian, Mississippi, which is now an intermodal facility featuring small businesses and food service. DOT will also be working to make the Gulf Coast High-Speed Rail Corridor a reality, which will mean economic growth and jobs for the Delta Region.

The goal of the **New Markets Initiative** is to unlock the potential of our inner cities, small and medium-sized towns, rural areas and Indian reservations. These are the areas that have not participated in the capital investment that has spurred job growth and economic development across the rest of America and in regions around the world. Secretary Slater and the Department will continue to participate in transportation-related projects and actions that will help bring the economic prosperity enjoyed by the rest of the nation to New Markets throughout America.

Disadvantaged Business Program. Last year, DOT awarded more than 55 percent of its direct procurement dollars to small businesses. More than 14 percent went to socially and economically disadvantaged businesses under the authority of the 8 (a) provision, and some 4 percent went to women-owned businesses. We are taking strong steps to increase these percentages. Congress reauthorized the DOT DBE program in the Transportation Equity Act for the 21st Century. Participants in DOT's DBE program qualify for transportation contracting opportunities with some degree of federal financing. These include undertakings by state and local highway, transit, airport and port authorities with an average estimated value of $3 billion per year being awarded to certified DBEs nationwide. In November 1999, Secretary Slater and U.S. Small Business Administration (SBA) Administrator Aida Alvarez signed an agreement to streamline the certification for disadvantaged businesses. This agreement allows most small businesses that have qualified for disadvantaged status through one agency's certification process to qualify for the other's without going through another round of extensive paperwork and examination. In most cases, only a brief supplemental statement confirming the eligibility requirements will be required.

Shipbuilding. MARAD approved $1.761 billion in loan guarantees for the construction of 39 vessels and one shipyard modernization project. This investment will bring jobs and growth to regions throughout the country.

Open-Skies Agreements. In FY 1999, the United States signed five new "Open-Skies" agreements with, Italy, Pakistan, the United Arab Emirates (UAE), Bahrain, and Argentina. The initialing in August of the long-sought Open-Skies agreement with Argentina brought the total number to 38. DOT achieved Open-Skies agreements in nearly every part of the world: Six in the Asia/Pacific area, 14 in Europe, 5 in the Near East/Central Asia, and 11 in this Hemisphere.

Access to Mexico. Mexico is a major U.S. trading partner. In January, DOT reached a new deal with Mexico that greatly improves U.S. air carriers' access to the Mexican market through code sharing and facilitates charters by providing for vastly simplified regulatory procedures.

More Flights to China. China will become the world's largest market early in the next century. In China, the U.S. obtained more routes, more flights, the right to designate another airline in the market, and code-sharing opportunities. DOT expedited authority for the new flight frequencies and code-sharing opportunities that were available immediately under the agreement.

New Nonstop Services To London. The Department has agreed with the United Kingdom to significantly improve international air service from Cleveland and Charlotte to London. By agreeing to switch the bilateral agreement's authority from cities where service was dormant to Cleveland and Charlotte, the Department is able to authorize Continental and US Airways to serve the new routes.

Maritime Agreement with Brazil. Last month during a trade mission in support of President Clinton's commitment to a well-integrated Western Hemisphere transportation system, Secretary Slater signed a major three-year maritime agreement that ensures each country's national-flag shipping lines equal access to commercial cargoes and to cargoes whose shipment is controlled by the other country's government, except defense cargoes and agricultural assistance cargoes. The bilateral agreement calls for liberalization of maritime trade and non- discriminatory treatment with respect to maritime-related services and facilities, including shipping taxes.

Human and Natural Environment

Congestion Mitigation and Air Quality Improvement Program. In FY99, more than $1.1 billion was used by states and localities for projects that reduce congestion and improve air quality by enhancing the efficiency of the transportation network and making it more environmentally friendly. Based on reports from 41 field offices, as of July 1, 1999, non-attainment and maintenance areas met their mobile source emissions limits for ozone (O_3), carbon monoxide (CO), and particulate matter (PM-10).

Public Education. Five years ago, DOT and EPA began a public education campaign to raise awareness about the connection between transportation and air quality. In FY 1999, this effort reached millions with public service announcements (TV, radio and print) promoting vehicle maintenance, trip chaining, and the use of alternatives to driving alone in 14 demonstration communities across the country. A national coalition, including automobile manufacturers, environmental groups, transit advocates, and the health community, will guide future campaigns.

DOT Global Climate Change Center. In 1999, DOT established a Center to study how our nation can reduce greenhouse gas emissions in transportation. The Center serves as the focal point of DOT technical expertise on transportation and climate change. Through strategic research, policy analysis, partnerships and outreach, the Center will create comprehensive and multi-modal approaches to reducing transportation-related greenhouse gas emissions. Four to six research projects are planned for FY 2000.

Environmental Streamlining. A national Memorandum of Understanding (MOU) was signed in July 1999 by seven executive branch agencies containing specific commitments to coordinate regulations and policies to reduce project delays and to protect and enhance environmental quality. Agencies participating in the MOU include the Department of Transportation, Department of the Interior, Department of Commerce, Department of Agriculture, Department of the Army (Corps of Engineers), Environmental Protection Agency, and the Advisory Council on Historic Preservation.

National Security

Drug Interdiction. The Coast Guard had a record year drug interdiction efforts. So far this year the Coast Guard:

- Participated in 118 drug cases;
- Seized 111,689 pounds of cocaine and 28,872 pounds of marijuana;
- Made 302 arrests;
- Initiated Operation New Frontier – New policy and hardware using helicopters to stop drug smuggling.

Maritime Administration's Ready Reserve Force (RRF). During 1999, 11 RRF ships, which provide the military with sealift capacity in case of national emergencies, served in a number of important missions, including four for humanitarian relief in November and December 1998, following Hurricane Mitch.

Jenni R. Engebretsen
09/13/2000 07:35:03 AM

Record Type: Record

To: Anna Richter/OPD/EOP@EOP, Sean P. O'Shea/WHO/EOP@EOP

cc:

Subject: Firestone -- see bold -- Jake said we should emphasize Slater's legis. efforts in guidance

Firestone Admits Making Defective Tires
By Ricardo Alonso-Zaldivar
Los Angeles Times

WASHINGTON Firestone admitted for the first time Tuesday that it had produced defective tires, and that their design, along with possible quality control problems at one of its plants, appear to be factors in the catastrophic tread failures.

``We made some bad tires, and we take full responsibility for them,'' John Lampe, executive vice president of Bridgestone/Firestone told a Senate Commerce Committee hearing chaired by John McCain, R-Ariz. His comments though less than a full explanation were the farthest Firestone has gone in owning up to the problems.

The company's acknowledgment came as lawmakers, pledging to reform the government's auto safety agency this year, shared personal stories of loss among friends.

Illustrating the urgency on Capitol Hill, Sen. Bill Frist, R-Tenn., told colleagues how his friend Dr. Gary Haas died in a wreck after the Firestone tires on his Ford Explorer blew out. ``If he had been in a different car, with a different tire, he would be alive today,'' Frist said. The accident happened as Haas, a heart surgeon like Frist, was driving his son to college in Texas. It took place Aug. 15, six days after Firestone announced its recall of 6.5 million tires.

Lampe told McCain's committee that the company believes the problem may lie in a combination of design issues and manufacturing problems at one of its plants. He also suggested that Ford's recommendation for a lower inflation pressure on the tires used on its popular Explorer sport utility vehicle may have reduced the margin of safety.

``We believe we have narrowed the focus and believe the solution may lie in two areas: the unique design specification of the (tire) combined with variations in the manufacturing process at the Decatur (Ill.) plant,'' Lampe said.

Pressed by reporters for an explanation later, Lampe was guarded. He said the company has identified possible problems with the Wilderness AT tire, one of three models that have been recalled. The others are the 15-inch ATX and ATX II, which were installed as factory equipment on Explorers in the early 1990s. Problems with the ATX tires, said Lampe, are ``a different issue.''

Lampe said ``trade secrets'' prevented him from discussing the design issue concerning the Wilderness model, but that it is related to one of the belts used in constructing the tire. Steel belts under the treads in radial tires provide strength, durability and puncture resistance.

As to the manufacturing issues, Lampe said, ``Any time you have a manufacturing process, the goal is to do the exact same thing 100 percent of the time.'' But at the Decatur plant, he said, there were ``variances'' in the process.

Again, he would not provide specifics, but he refused to blame the problem on replacement workers hired during a strike in 1994 and 1995. ``It would be so easy to say that the problem was replacement workers,'' Lampe said. He stressed that the bad tires represented a tiny fraction of Firestone's overall production.

Lampe's statements left many unanswered questions. For example, Firestone tires used in Venezuela also experienced tread failures. But those tires were produced in Venezuela, not at Decatur.

Lampe also expressed regrets that Firestone had gone along with a Ford recommendation to use a lower inflation pressure of 26 pounds per square inch (psi) on Explorers. Firestone had recommended an inflation pressure of 30 psi. But Ford, worried about the Explorer's stability, opted for softer tires.

``We agreed to it at the time,'' Lampe said. ``It is one of the things that in hindsight maybe we would like a chance to do again.''

Dr. Sue Bailey, the new head of the National Highway Traffic Safety Administration, told McCain's committee that investigators at the safety agency believe the problem centers around Firestone's tires, but they have not ruled out a connection with the Explorer.

Ford chief executive Jac Nasser put the blame squarely on Firestone and announced that beginning this fall, Explorer buyers will be given the option of choosing tires made by manufacturers other than Firestone. He also said he had directed Ford's engineers to try to design a dashboard warning light that would alert drivers to low tire pressure.

While Ford and Firestone sniped at each other, Tuesday's hearing was notably free of political partisanship. Republicans and Democrats alike castigated both companies for failing to report a problem that had festered for years and **scolded the NHTSA for failing to heed early warnings, including a detailed 1998 e-mail from State Farm Insurance.**

``This is supposed to be the age of information technology and we are not getting this information,'' Sen. Daniel Inouye, D-Hawaii, sternly admonished Transportation Secretary Rodney Slater.

McCain announced a committee vote next week on a bill to strengthen the government's auto safety agency. A companion bill will be introduced in the House on Wednesday, increasing chances that legislation may be passed before Congress adjourns for the fall elections.

Slater presented a package of reforms that include authority to levy unlimited civil penalties against companies that fail to warn of possible safety problems, a requirement that manufacturers report defects that are first detected overseas, requirements for broader reporting of lawsuits and other complaint information and extension of the three-year period for replacing recalled products.

Under questioning, Nasser and Lampe said they would not object to any of those changes. But some members of Congress want to go further and also impose criminal penalties for safety violations.

Also on Tuesday, Bridgestone/Firestone said it will replace the 1.4 million Firestone tires for which the NHTSA had issued a warning on Sept. 1 after the company refused to expand a recall of 6.5 million tires. The agency said the tires could be unsafe and suggested owners replace them.

Bridgestone/Firestone said it will replace the tires for free even if no defects are found or reimburse up to $140 per tire for competitors' models. The tires covered include various sizes of the ATX, Firehawk ATX, ATX 23 Degree, Widetrack Radial Baja, Widetrack Radial Baja A/S, Wilderness AT and Wilderness HT lines. Most of the tires were manufactured as replacements but three of the 24 tire types were original equipment on the 1991 Chevy Blazer, 1991-1994 Nissan pickup and 1996-1998 Ford F150.

Jenni R. Engebretsen
09/14/2000 09:31:53 AM

Record Type: Record

To: Anna Richter/OPD/EOP@EOP, Sean P. O'Shea/WHO/EOP@EOP

cc: Richard L. Siewert/WHO/EOP@EOP
Subject: TREAD Act

^BC-MI--Tire Deaths-Congress,560
^Upton introduces bill in response to tire recall
^Eds: Moving for general news and business pages
^aaa-mh
^By NEDRA PICKLER= ^Associated Press Writer=

WASHINGTON (AP) A bill aimed at improving auto and tire safety was introduced in the House by lawmakers who hope that passions ignited by the Firestone tire case will drive it through Congress at breakneck speed.

The TREAD Act for Transportation Reporting Enhancement, Accountability and Documentation seeks to improve consumer protection and communication between auto and tire manufacturers and the federal government.

It will increase the National Highway Traffic Safety Administration's authority to collect information about possibly defective products and expand its budget for investigations.

``Clearly, NHTSA and others were asleep at the wheel, and we are looking to move bipartisan legislation in the fast lane to correct it," Rep. Fred Upton, R-Mich., the bill's sponsor, said Wednesday.

The congressional session ends in less than in a month, and the bill faces long odds of making it through a crowded legislative agenda.

Rep. Billy Tauzin, R-La., said although the investigation of tires linked to 88 deaths is not complete, the three congressional hearings held in the last two weeks on the matter have highlighted some of the problems that prevented an earlier recall.

``Before we leave this session there will be people probably who will have lost their lives because this recall is not finished," Tauzin said. ``So the imperative for Congress is to get this done now while we can while this awful incident is so fresh and so real in everybody's minds."

Bridgestone/Firestone Inc. recalled 6.5 million ATX, ATX II and Wilderness AT tires on Aug. 9, but many tire owners have to wait as the company tries to produce enough replacements.

The Wall Street Journal reported in Thursday editions that at least five highway deaths involving Firestone tires and Ford Explorer sport utility vehicles have occurred since the recall began. Those deaths are in addition to the 88 over the past decade already under investigation, the newspaper said.

Tauzin said he and Upton will coordinate the legislation with Sen. John McCain, R-Ariz., who plans to introduce a bill in the Senate next week to address the case.

Upton's bill requires auto and tire manufacturers to report any defects on American tires or automobiles sold in foreign countries. Ford Motor Co. recalled the tires on its vehicles in 16 foreign countries without telling U.S. officials.

``What this bill tries to do is to make sure that even if a company isn't going to do the right thing on their own, that the federal government has the tools to force them to do the right thing," said Rep. Heather Wilson, R-N.M. ``And I think it's kind of sad that we've come to that point."

The legislation also would require tire manufactures to periodically report claims data to NHTSA, increase the time under which tire manufactures must make free repairs on faulty products, increases penalties for violations and directs NHTSA to update its tire safety standard.

It also calls for an additional $500,000 for NHTSA investigators to handle the increased work load.

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Bridgestone/Firestone: http://www.bridgestone-firestone.com
Ford Motor Co.: http://www.ford.com
National Highway Traffic Safety Administration: http://www.nhtsa.gov