

**Statement of Craig Westbrook, Vice President, Aftersales
BMW of North America, LLC
December 3, 2014
The Committee on Energy and Commerce
Sub-Committee on
Commerce, Manufacturing & Trade**

Thank you, Chairman Terry and Ranking Member Schakowsky, and members of the Subcommittee for your invitation to participate in today's hearing.

My name is Craig Westbrook, Vice President of Aftersales at BMW of North America. I am here on behalf of our company and I represent the 70,000 people who have jobs provided and supported by the BMW Group in the United States.

In total, the BMW Group's presence is represented in 48 states of our country. This includes 635 dealerships nationwide, our headquarters in New Jersey, design studio in California, BMW Bank in Utah, a Financial Services center in Ohio, a carbon fiber manufacturing facility in Washington State, and BMW Manufacturing in South Carolina.

In fact, BMW Group's South Carolina production site is the largest single exporter of vehicles by value in the United States. Since construction began in 1992, we have invested over 6.5 billion dollars in the BMW Group's South Carolina operations alone. Earlier this year, we committed another billion dollars by 2016 which will make our South Carolina plant the largest single production site for our company world-wide. Over the nearly four decades the BMW Group has been in the United States, our company has worked hard to become part of the fabric of the communities in which we are present.

One central aspect of our investments in, and commitment to the United States has been a focus on earning our reputation for delivering on our word and building trust with customers and communities alike. This takes unwavering desire and dedication to technology, design and performance.

Of course, fundamental to the BMW Group's business is vehicle safety. Because of this, I appreciate the opportunity to appear today before with this subcommittee and share a brief timeline of BMW of North America's activities related to Takata airbag recalls.

In May of 2013, after BMW was informed by Takata of production issues with certain inflators, BMW of North America initiated a voluntary, national safety recall. This involved the passenger front airbag on approximately 42,000 Model Year 2002 – 2003 BMW vehicles.

In May 2014, NHTSA met with Takata to discuss consumer-reported issues with certain passenger and driver airbag inflators. In mid-June, after follow-up calls with Takata, NHTSA opened a Preliminary Evaluation (PE14-016) and, in an unprecedented approach to determine the root cause and the safety risk, held a conference call with all affected automakers asking for their support to conduct a voluntary parts collection campaign in specific high humidity regions. BMW of North America promptly agreed to participate in this campaign.

In July of 2014, out of an abundance of caution, BMW of North America expanded its voluntary regional parts collection campaign and earlier 2013 voluntary recall of airbag inflator modules for the front passenger-side airbags. On July 15, 2014, BMW notified NHTSA of the voluntary, nationwide recall on an additional 574,000 vehicles. The next day, July 16, 2014, BMW dealers were notified of the recall, after notification to NHTSA.

Standard practice for notifying customers involves an auto company preparing a draft customer notification letter for NHTSA's review. In late August, NHTSA approved our letter. BMW of North America mailed notification letters to our customers in mid-September, using First Class mail as required by NHTSA regulation, based upon the most accurate and up-to-date vehicle registration information available.

Another way customers are informed of recalls is via the dealership. Regardless of the reason for a customer's service appointment, it is standard practice at every BMW dealer for the service advisor or reservationist to conduct a vehicle inquiry for outstanding recalls or service actions. Once the VIN is identified, the service advisor or reservationist cross references the VIN against our recall database. Customers are informed if their vehicle is subject to a recall and repairs are either taken care of on the spot or an appointment is scheduled as soon as possible.

We have also made this recall information available on our consumer site, www.bmwusa.com. Additionally, the information is available on the NHTSA web site, www.safercar.gov. On either site, customers have the ability to access recall information by entering their Vehicle Identification Number, or VIN.

In September of 2014, BMW of North America sent a recall notice to all BMW dealers regarding the passenger front airbag replacement process, including claims and parts return information.

In total, this voluntary, nationwide recall affects approximately 616,000 Model Year 2000 to 2006 3 Series vehicles. It is my understanding that NHTSA estimates that over 7.8 million vehicles industry-wide are currently affected by the Takata airbag recall and parts collection campaign in the US.

BMW of North America is also currently conducting a voluntary regional parts collection campaign in certain states. This campaign affects the driver's front airbag on approximately 11,600 Model Year 2004-2006 BMW 3 Series vehicles produced after January 2004.

We are significantly increasing our loaner vehicle fleet to provide any BMW customer who needs alternative transportation with either a loaner or a rental vehicle.

I can assure this subcommittee that BMW of North America will continue working with NHTSA and Takata on these issues and will remain vigilant in identifying safety issues

and work to proactively address them as quickly as possible. Thank you for your time and attention.

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