



IVOAC.ca

Imported Vehicle Owner's Association of Canada



IVOAC Position On Changes to 15 Year Rule

Executive Summary

The issue: Transport Canada is considering changing the 15 year rule to 25 year years, stating safety reasons and to align us to the US rule, they say.

IVOAC Key point: IVOAC believes changing the rule to 25 years will make our roads more dangerous, instead we recommend that any changes be an easing of the rule to 10, 5 or 0 years.

Main points:

- changing the law from 15 to 25 years would mean that importers and consumers would turn to importing and using older, higher mileage vehicles. If the government's aim is a safer vehicle stock it is obvious that the 15 year rule has to be decreased to 10, 5 years or 0 years if safety is the objective
- change in the law would unfairly limit Canadian consumers
- destroy many small businesses
- thousands of Canadian jobs
- imported vehicles are safe
- environmentally friendly
- cost effective
- in such low numbers their presence is negligible
- a healthy alternative for environmentally-conscious consumers
- current N. American automakers do not currently produce many vehicles that can be easily and cheaply converted to run on alternate fuels like vegetable oil. Japan has, and thus Japan has a used vehicle stock that Canadian consumers are relying on. These vehicles can also run on biodiesel.
- many of these cars are a logical way for Canadian consumers to respond to their government's encouragement on reducing greenhouse gases to help combat global warming.
- we have reviewed Transport Canada's safety research *Study on the Effect of Vehicle Age and the Importation of Vehicles 15 Years and Older on the Number of Fatalities, Serious Injuries and Collisions in Canada* (not available online) and find no statistically significant data to support the assertion that RHD vehicles are any less safe than LHD
- by their own admission, Transport Canada's definition of safety is too narrow, the Transport Canada's website states they do not consider greenhouse gas emissions
- RHD vehicles actually cause less injuries per claim (ICBC research)

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IVOAC Position On Changes to 15 Year Rule

Our Position in Detail

According to current law, Canadian citizens can clear at the customs a permanent importation of any vehicle from outside the United State as long as it was manufactured 15 years ago or older and it complies to certain regulations and the necessary taxes and duties are paid. American citizens can also import vehicles to the US, but they have to be 25 years or older. Pressure is building for Canada to change our law to match the United States, in other words to 25 years. This change in the law would unfairly limit Canadian consumers and destroy many small businesses and thousands of Canadian jobs. Imported vehicles are safe, environmentally friendly, cost effective, and in such low numbers their presence is negligible. These vehicles represent, for many environmentally-conscious Canadians, a practical way for Canadian consumers to respond positively to their government's encouragement on reducing greenhouse gases to help combat global warming.

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Changing the rule would remove from consumers the choice of access to low-emission, safe, reasonably-priced 15 year old vehicles, reducing the older portion of the car market to a fixed supply of higher mileage less well maintained vehicles, and consumers would not be able to make the environmental choices the government is requesting of us

We have reviewed Transport Canada's safety research *Study on the Effect of Vehicle Age and the Importation of Vehicles 15 Years and Older on the Number of Fatalities, Serious Injuries and Collisions in Canada* (not available online) and find no statistically significant data to support the assertion that RHD vehicles are any less safe than LHD. Moreover the IVOAC definition of safety includes components of safety we believe are commonsense. A lower emission vehicle stock is safer for the environment, thus safer for us Canadians too. These imports have, on average, lower harmful greenhouse gas emissions per vehicle and stricter maintenance standards in the primary source countries.

Key points:

False: Changing the law from 15 years to 25 years would result in a safer vehicle stock operating in Canada

True: Changing the law to 25 years from 15 years would mean that importers and consumers will have to turn to importing older, higher mileage vehicles. If the government's aim is a safer vehicle stock and if vehicle age is the sole parameter for measuring safety as Transport Canada claims, it is obvious that the 15 year rule has to be decreased to say 10 or 5 years or 0 otherwise importers will be importing some very old, high mileage less safe vehicles.

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False: Transport Canada's definition of safety is the correct one for Canadians to use.

True: IVOAC's definition of safety includes both vehicle safety and greenhouse gas emissions.

"Transport Canada does not regulate ... greenhouse gas"

<http://www.tc.gc.ca/roadsafety/importation/15yearrule.htm>

IVOAC therefore is of the position Transport Canada is not equipped to comment on vehicle safety for the Canadian public as the definition of safety they use is truncated and not in line with current government policy encouraging Canadians to drive more environmentally sensitive vehicles

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False: Environment Canada says "meaningful reductions in emissions...by encouraging Canadians to retire their older, higher polluting vehicles"http://www.ec.gc.ca/cleanair-airpur/Taking_Action/Participation_Initiatives_and_Resources/Transportation_Outreach/Options_for_Incentives_to_Accelerate_Scrappage_of_Older_Vehicles_in_Canada_-WS88AA7FDD-1_En.htm

True: Not all older vehicles pollute more...starting more than 15 years ago, Japan began producing a number of small engine block vehicles that were never sold in the Canadian domestic market. These vehicles include diesel vans and SUVs that are ready for conversion to be run on vegetable oil. These vehicles are ready to be operated on biodiesel. The Japanese 'Kei' (or 'light') cars, SUVs and vans are 500-660cc in engine size and are extremely efficient, at around 5.8l per 100kms. **These Kei cars are even exempt from California's Smogcheck program, so they are an environmentalist's choice, but they must be imported as the Big 3 automakers never produced such vehicles.**

False: Transport Canada: "Canadian and U.S. safety requirements are among the most stringent in the world"<http://www.tc.gc.ca/roadsafety/importation/15yearrule.htm>

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True: One of the primary sources for vehicles imported into Canada's is Japan. These cars generally have low mileage and are maintained to high standards. Japan's National inspection system (Shaken) is much more thorough and expensive (costing over \$1000 per vehicle yearly after the third year) than anything we have in Canada or the US, despite what we are led to believe. In comparison, US and Canadian systems are province or state run and differ greatly from location to location if offered at all. For example, Kentucky and Minnesota have discontinued vehicle inspection with approval from the Federal government. Kentucky's only inspection is a \$5 inspection on out of state vehicles brought to Kentucky. <http://search.dmv.org/dmv/kentucky/vin%20inspection>

Note also that the majority of these US inspections are emissions only, no equipment is tested for safe operation. http://en.wikipedia.org/wiki/Vehicle_inspection

Shaken is a compulsory safety inspection, which cars in Japan have to undergo every two years, except new cars, for which the first inspection is not due until three years after purchase. The shaken typically costs between C\$1000 and C\$2000, and besides the actual inspection includes a weight tax (typically C\$800 to C\$500) and a mandatory insurance (C\$300). Exchange rate: C\$1=100 Yen <http://www.japan-guide.com/e/e2022.html>

More on Shaken from Japan's National Association of Vehicle Inspection:

<http://www.navi.go.jp/english/inspection/index.html>

False: Aligning Canadian safety standards with the US is the best for Canadians

True: The US scores worse than Canada, Germany, Japan and the UK in a number of independent analyses of road crash statistics (see links)

<http://www.factbook.net/HMCStats.htm>

<http://www.oecd.org/dataoecd/44/48/36340933.pdf>

The United States ranks 42nd of the 48 countries measured in the number of fatalities per capita, according to the Organization for Economic Cooperation and Development and the International Transport Forum. Australia, Britain, France, Germany and Japan all did significantly better. (July 22, 2007) <http://www.ghsa.org/html/media/mediacoverage/2007/2007.07.22.nyt.html>

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True: The Japanese have a strict and frequent vehicle inspection program that, compared to existing programs in Canada and the US, results in the average 15 year old vehicle from Japan being of higher safety standards. Thus, allowing these vehicles from Japan has the net result of increasing the average safety of Canadian vehicles.

Transport Canada, instead of aligning Canada with the US, could instead follow the UK and Japan, where large numbers of LHD vehicles have coexisted peacefully with RHD vehicles, to the extent that in Japan even some toll booths have been retrofitted to serve both vehicle types.

False: The current production of vehicles on the US and Canada includes many vehicles produced in response to citizens concern about global warming, such as a variety of vehicles (Cars, trucks, SUVs, vans) that are ready to be converted to run on vegetable oil.

True: For Canadians who want to follow their government's encouragement and reduce greenhouse gases emissions to decrease their carbon footprint, the best source of reasonably priced vehicles for this is Japan's used car market. One of these Canadian conversion companies, www.enviroimports.com tells us that 100% of their vegetable oil conversions are done on vehicles imported from Japan. Changing the rule to 25 years from 15 would kill the supply of reasonably priced, well-maintained vehicles that the average consumer can purchase and run efficiently, or convert to vegetable oil and run efficiently in an environmentally sensitive manner on vegetable oil. Japan supplies us with used diesel cars, trucks, SUVs and vans that can be run on diesel, biodiesel or, if converted, vegetable oil. North American producers do not have this variety of production currently nor do we have a used vehicle stock with this much variety. We need more of these vehicles not less.

False: More imported vehicles mean less Canadian jobs

True: The 15 year rule creates jobs in Canada for Canadians that add value to the Canadian economy all the while increasing safety. The value is added by Canadians using vehicles manufactured in countries like Japan and Germany and upgrading them for the Canadian market. As we don't have an industry producing 500-660cc vans, SUVs and trucks in Canada, changing the 15 year rule to 25 years could result in another country, China perhaps, rushing in with cheap, low quality vegetable-oil-ready vans, SUVs and truck, or small engine block vehicles, that many Canadians are already now purchasing from Canadians, driving jobs offshore. Instead of changing the 15 year rule to 25 years instead eliminate the 15 year rule or drop it to 10 or 5 years to promote Canadian jobs and further clean up our environment and make our roads safer.

Imported vehicles already undergo strict inspections imposed by the provinces. In most provinces, the law requires that these vehicles receive new tires, headlights and other upgrades. Changing the rule to 25 years would kill this industry. IVOAC estimates this industry employs thousands of Canadians who perform duties like: making sure these imports pass agriculture and customs inspections, making sure these vehicles conform to Canadian standards, ensuring necessary taxes and duties are paid, making sure required modifications are made, and ensuring that the vehicles are registered. Some are involved in converting these vehicles to run on environmentally-friendly vegetable oil. Of course these diesels can already run on biodiesel. These functions ensure these imports are operated safely in Canada.

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In BC, ICBC has taken up this issue and conducted research. ICBC's research showed that while *the number of claims* for the RHD group are higher than the LHD group, ICBC did not note any increases in the dollar value of claims or injuries. Since many of these vehicles are bought by collectors one way to explain the increased claims is that these collectors claim smaller damages. Given the number of claims is greater but the injuries are less, we conclude that given the same number of claims, **RHD vehicles actually cause less injuries per claim**. (Note that ICBC calls these crashes but as IVOAC has not received the requested source data we believe these claims are not to be considered accidents or crashes)

False: Title (Misleading) on ICBC's website: "Right-hand-drive vehicles more likely to crash"
http://www.icbc.com/library/research_papers/right-hand-drive_vehicles/index.asp

True: **No evidence of greater crash or claim severity could be found to suggest that right-hand-drive vehicles offer less protection.** http://www.icbc.com/library/research_papers/right-hand-drive_vehicles/pdf/rhd_vehicle_safety_report.pdf

It is regrettable that on the basis of this research major media in Canada incorrectly reported RHD vehicles are more likely to crash.

False: A study released Tuesday shows right-hand drive vehicles driven in the province are more than 40 per cent more likely to get into a crash. <http://autos.canada.com/news/story.html?id=7100bb63-ddd0-4eae-8333-de8f1386192c>

True: IVOAC has asked ICBC for the raw data and as we have not seen it and as the dollar value and injuries were no more than for LHD vehicles we must assume RHD owners merely make 40% more, smaller repairs to their vehicles.

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"The ICBC research actually shows the opposite, that RHD cars are safer. The RHD cars did have a 40% higher claim number, but as the dollar value of those claims was less than for LHD, and the number of injuries also less than LHD, the conclusion is that for the same number of claims **RHD vehicles COST LESS** for the insurance company and operator, and **RHD vehicles result in LESS INJURIES**"- David Taylor, IVOAC

False: The research was undertaken in response to a dramatic increase in the number of right-hand-drive vehicles being imported into BC and other parts of Canada

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True: The number of RHD cars in Canada is insignificant. Using 1986 data out of the more than 18 Million cars in Canada there are no more than 73,000 cars that fall under the 15 year import rule; this is only 0.004% of cars on the road. Moreover, even if the number of RHD vehicles in Canada is over 100,000 now, it is still less than 0.01% of the cars on the road.

Here's another number: 13.7 million. That is the number of US vehicles that drove, uninspected, on Canadian roads in 2006. Some of those vehicles came from states without any vehicle inspection program at all, like Kentucky (not a southern state) and Minnesota (a Northern border state). We conservatively estimate only 5% of the cars visiting Canada came from these two states, so this represents 685,000 uninspected potentially highly unsafe vehicles traveling freely on Canadian roads, creating unmeasured emissions, and that is several times more than the number of RHD vehicles on the road in Canada. <http://www.cbc.ca/consumer/story/2007/02/20/travel-canada.html>

Let's check in with Michael Bain of the Imported Vehicle Owner's Association of Canada

“So, if safety isn't the real problem, what is? The real problem is that Paul Taylor, President and CEO of ICBC, is the former President of the British Columbia Automobile Dealer's Association, a group that has an obvious problem with private individuals legally importing, and if they so choose, selling, up to four vehicles per year. There is an obvious conflict of interest here, and in fact, this hiring policy is not new for ICBC, as the man Paul Taylor replaced, Nick Geer, was the former Managing Director and Vice-Chair of Jim Pattison Group Ltd, owner of the largest automobile dealer group in British Columbia. Perhaps these hiring practices are why British Columbia has arguably the weakest consumer protection when purchasing a vehicle from a dealer as well as absolutely no inspection requirements for used cars sold by dealers, unlike most other provinces (these items are all within ICBC's sphere of responsibility). ”

- **Michael Bain, IVOAC (www.ivoac.ca)**

False: Focusing on RHD vehicles is an important area for our busy politicians and civil servants to spend their time and taxpayer's money on

True: Issues such as cell-phone usage by drivers and red light running would seem to us to be much more pressing issues.

IVOAC RECOMMENDATION: Instead of an increase in the 15 year rule to 25 years, we recommend either keeping the rule as-is or, to further satisfy market demand for cleaner vehicles currently unavailable in the Canadian market and to increase safety, decrease the 15 year rule to 10, 5 or 0 years.

Finally, our position paper on technical safety issues is available here for further reading. IVOAC Position paper <http://www.ivoac.ca/docs/IVOACPerspective.pdf>

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