TO: The National Highway Traffic Safety Administration

FROM: Collin Grose

SUBJECT: 2014 Ferrari LaFerrari Substantially Similar Petition

DATE: November 7th, 2019

**Executive Summary**

The Imported Vehicle Safety Compliance act of 1988 prevents the importation of vehicles manufactured to other countries safety standards. To bring a non-compliant car into the United States, a car can be deemed significantly similar to a model already sold in the country (8). A petition has been brought to the NHTSA to deem 2014 Ferrari LaFerrari’s manufactured for other counties as significantly similar as they would only need minor work to comply with US Safety Standards (5). **The NHTSA should deem the 2014 Ferrari LaFerrari as significantly similar and allow importation.**

**Background**

Through the 1970s and 80’s the value of the US dollar increased dramatically compared to other world currencies. This made foreign cars sold in the US more expensive than importing a foreign car from another country. As a result, individuals looking to buy foreign would import their car saving them money. This practice, also known as the grey market, cost US dealerships sales and foreign automakers revenue as they were no longer benefiting from generating sales with the valuable US dollar. To prevent the practice of importing cars to continue, the foreign car manufacturers and car lobbied to pass legislation to ban imports of cars that did not pass Federal Motor Vehicle Safety Standards or were not emissions-compliant in the United States (1).

The Imported Vehicle Safety Compliance act of 1988 was the legislation passed in response to the Grey Market Practice. The law changes how foreign cars that do not comply with Federal Motor Vehicle Safety Standards (FMVSS) are imported into the United States. There are now two main options to bring foreign cars into the United States that do not comply with FMVSS. The first is to make the vehicle compliant by making modifications and then prove the vehicle complies with FMVSS through tests, including crash testing. The other option is proving that the car is substantially similar to a model already sold in the United States that would only need slight modifications to make compliant with FMVSS, forgoing crash testing. A car that qualifies as substantially similar will already be sold in the US under the same make, model, and year but have slight variations from its original market that can be easily rectified to meet FMVSS (2).

This specific petition is for the NHTSA to consider the model year 2014 Ferrari LaFerrari’s that were not originally manufactured to meet FMVSS as substantially similar to cars of the same model year, make, and model that were originally sold in the US and allow the noncompliant cars to be imported as long as they are altered to be compliant. The petition also describes what must be done to make the car complaint which includes items that are mostly cosmetic such as replacing the fenders to ones with the correct reflectors, changing the speedometer to one that indicates MPH and adding the correct warning labels. None of the necessary adjustments will affect the main structure of the car or how it drives (5).

**Reject the Status Quo**

The 2014 Ferrari LaFerrari is currently not considered substantially similar, allowing import into the United States. The vehicle in question shares a majority of its parts with the FMVSS compliant version and would only require minor work to make the vehicle compliant (5). Modern cars manufactured to other standards are not necessarily more dangerous to occupants or pedestrians either. A study comparing crash safety of EU compliant cars to US compliant cars found that in all crash safety tests the results were extremely similar, with the differences between the two only as wide as half of a percent increase in risk (3). Cars from other countries are typically greener as well. In a comparison of countries that have a large automobile market, only Saudi Arabia and China had dirtier emissions standards for petrol-powered passenger cars than the United States in 2014 (6). Preventing the import of the 2014 LaFerrari will also cost the US government thousands of tax dollars. Each vehicle imported into the United States is subject to a 2.5% tax on the value of the vehicle (4) which in this case would be around $79,500 on one car based on the current asking price of similar models online (7). The 2014 Ferrari LaFerrari would pass most of the FMVSS and EPA emission standards without the minor compliance work needed. This car proves to be substantially similar to the examples sold in the US and denying import would only cost the government thousands in tax revenue.

**Recommendation**

The 2014 Ferrari LaFerrari compliant in other markets is substantially similar to the example sold in the United States. I recommend that the NHTSA allow the importation of the vehicle as the conversion work is simple and mostly cosmetic and the vehicle poses no additional threat to the safety of the citizens or the environment than the model sold in the United States (5)(6)(3). Also, the tax revenue is thousands of dollars per car which should not be turned down (4).

**Counterarguments**

The comment from Ryan Hunt argues that the importation of the 2014 Ferrari LaFerrari will add danger to the United States highways and luxury cars should not be afforded any exceptions that could endanger citizens. While the argument is valid, the idea that the importation of a car deemed substantially similar to a model sold in the United States will be more dangerous than cars manufactured originally for the US market is flawed. The US does not have the best safety standards in the world and is actually beaten by the EU in several areas (3), also, all cars imported under the substantially similar clause must be configured to meet US FMVSS (8), which can be done easily without compromising the structural integrity of the vehicle (5). Also, all cars have the right to be submitted for consideration to be substantially similar, not just luxury cars (8).

Dealers will be upset with the thought of losing business to imports as they did before the Imported Vehicle Safety Compliance Act. While allowing a car to be imported under substantially similar may allow the car to be imported, the process is still long, tedious, and expensive because of the bill (1). This means cars imported will usually only be expensive or rare, allowing dealers to sustain revenue.

**Conclusion**

Allowing the 2014 Ferrari LaFerrari to be imported under the substantially similar clause is the correct way to interpret the law. The car requires a few changes that are mostly cosmetic and be easily accomplish (5). Also, the increase in tax revenue of thousands of dollars per car is good for the federal government (4) and the car does not add any additional danger to society as it will comply with all FMVSS post-conversion (5).

Citations

1. Car Throttle . How Bill Gates Beat The 25 Year Rule [Internet]. YouTube. [cited 2019Nov7]. Available from: https://www.youtube.com/watch?v=t0AkWYWfPEE
2. DeMuro D. Here Are The Four Legal Ways To Import A Car To The United States [Internet]. Jalopnik. Jalopnik; 2015 [cited 2019Nov7]. Available from: https://jalopnik.com/here-are-the-four-legal-ways-to-import-a-car-to-the-uni-1682067632
3. Flannagan CA, Bálint A, Klinich KD, Sander U, Manary MA, Cuny S, et al. Comparing motor-vehicle crash risk of EU and US vehicles. Accident Analysis & Prevention. 2018Feb23;117:392–7.

4. Importing a Motor Vehicle [Internet]. Importing a Motor Vehicle | U.S. Customs and Border Protection. [cited 2019Nov7]. Available from: https://www.cbp.gov/trade/basic-import-export/importing-car

5. J.K. Technologies. [Internet]. Regulations.gov. [cited 2019Nov7]. Available from: https://www.regulations.gov/document?D=NHTSA-2017-0028-0001

6. Plumer B, Popovich N. How U.S. Fuel Economy Standards Compare With the Rest of the World's [Internet]. The New York Times. The New York Times; 2018 [cited 2019Nov7]. Available from: https://www.nytimes.com/interactive/2018/04/03/climate/us-fuel-economy.html

7. Used 2014 Ferrari LaFerrari for Sale in Holland, MI 49423 [Internet]. Autotrader. [cited 2019Nov7]. Available from: https://www.autotrader.com/cars-for-sale/Used Cars/2014/Ferrari/LaFerrari/Holland MI-49423?makeCodeList=FER&listingTypes=USED&searchRadius=0&modelCodeList=FERLAF&zip=49423&marketExtension=true&startYear=2014&endYear=2014&sortBy=derivedpriceDESC&numRecords=25&firstRecord=0

8. Whittaker, Bob. H.R.2628 - 100th Congress (1987-1988): Imported Vehicle Safety Compliance Act of 1988 [Internet]. Congress.gov. 1988 [cited 2019Nov7]. Available from: https://www.congress.gov/bill/100th-congress/house-bill/2628