

Fiscal Year	Forecast if exemptions granted (in \$)	Forecast if exemptions denied (in \$)
2003	≈\$975,000	≈ − \$1,700,000
2004	≈\$12,520,000	≈ − \$15,402,000
2005	≈\$11,749,000	≈ − \$22,718,000

According to the petition, Lotus expended substantial resources (approximately \$27,000,000) in the past 12 months in order to bring Elise into compliance with the Federal Motor Vehicle Safety Standards and other U.S. regulations. Specifically, Lotus invested approximately \$5,000,000 in order to obtain a suitable engine supplier capable of complying with U.S. emissions standards. Next, Lotus developed an FMVSS 208 compliant air bag system. Significant resources are currently being expended in order to bring Elise in compliance with all other Federal Motor Vehicle Safety Standards, including FMVSSs 208, 210, 212, 214, 219 and 301.

As previously discussed, the Elise was not designed for the U.S. market and does not have a conventional bumper system or the underlying bumper structure. Instead, it was designed with “clam shell” body parts. According to the petitioner, installing a compliant bumper system would require re-designing the entire body of the automobile.

Petitioner considered equipping the Elise with an “interim headlamp” that would comply with FMVSS No. 108. This headlamp would not feature a polycarbonate cover currently on the vehicle, and would have been assembled from “off-the-shelf” parts. However, the development of this “interim headlamp” would cost \$500,000. Because Lotus anticipates introducing an all-new, fully compliant Elise in 2006, the projected number of vehicles sold until the introduction of the new 2006 model could not justify this investment.

Petitioner contends that installation of “an interim headlamp” without a polycarbonate cover would also significantly decrease forecasted sales because aesthetic appearance of the automobile would be compromised. Lotus marketing research forecasted a sales decline of as much as 30%. Further, the absence of the polycarbonate cover would have a negative effect on vehicle aerodynamics, and would decrease fuel economy. Finally, Lotus indicated that installation of “interim headlamps” could result in U.S. customers purchasing aftermarket or “European-spec” headlamps and installing these headlamps on their vehicles.

As previously stated, Lotus plans to introduce the second generation Elise in late 2006. This vehicle will feature compliant headlamps, bumpers and advanced air bags.

IV. Why an Exemption Would Be in the Public Interest and Consistent With the Objectives of Motor Vehicle Safety

Petitioner put forth several arguments in favor of a finding that the requested exemption is consistent with the public interest and the objectives of the Safety Act. Specifically:

1. Petitioner notes that the current Elise headlamp does not pose a safety risk because the headlamp’s photometrics are very close to the requirements of FMVSS 108. The headlamp has also been subjected to environmental testing, and has a good warranty record.

2. Petitioner argues that the clamshell body system utilized by the Elise vehicle acts to reduce low-speed damage even in the absence of conventional bumpers. In a situation involving greater damage, the cost of an entire fiberglass clamshell is comparable to bumper-related repair costs of other “high-end” vehicles.

3. Petitioner suggests that denial of the petition would prevent Lotus from introducing the Elise for a period of three years and would in fact cause Lotus to seize U.S. operations. This would in turn result in loss of jobs by Lotus employees in the U.S.⁵

4. With respect to consumers, petitioner argues that denial of the petition would limit consumer choices by eliminating Lotus from the marketplace. Lotus contends that its continued presence in the U.S. is needed in order to provide parts and service for the existing Lotus Esprit customers.

5. Lotus remarks that due to the nature of the Elise vehicle, it will, in all likelihood, be utilized infrequently as a “second” or a recreational vehicle.

6. Finally, Lotus notes that the Elise does comply with all other Federal Motor Vehicle Safety Standards, and features above-average fuel economy.

⁵ In the event the petition is granted, Lotus anticipates hiring more employees and expanding its dealer network.

V. How You May Comment on Lotus’s Application

We invite you to submit comments on the application described above. You may submit comments [identified by DOT Docket Number NHTSA–03–16341] by any of the following methods:

- Web site: <http://dms.dot.gov>. Follow the instructions for submitting comments on the DOT electronic docket site by clicking on “Help and Information” or “Help/Info.”

- Fax: 1–202–493–2251.

- Mail: Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building, Room PL–401, Washington, DC 20590.

- Hand Delivery: Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 am and 5 pm, Monday through Friday, except Federal Holidays.

- Federal eRulemaking Portal: Go to <http://www.regulations.gov>. Follow the online instructions for submitting comments.

Instructions: All submissions must include the agency name and docket number or Regulatory Identification Number (RIN) for this rulemaking. Note that all comments received will be posted without change to <http://dms.dot.gov>, including any personal information provided.

Docket: For access to the docket in order to read background documents or comments received, go to <http://dms.dot.gov> at any time or to Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 am and 5 pm, Monday through Friday, except Federal Holidays.

Privacy Act: Anyone is able to search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review DOT’s complete Privacy Act Statement in the **Federal Register** published on April 11, 2000 (Volume 65, Number 70; Pages 19477–78) or you may visit <http://dms.dot.gov>.

We shall consider all comments received before the close of business on the comment closing date indicated below. To the extent possible, we shall