

Defective Takata Airbag Grows Into Global Problem for Manufacturer



The intersection in Sibul, Malaysia, where a woman was fatally hurt when her airbag ruptured. Credit Neil Gough/The New York Times

SIBUL, Malaysia — Law Suk Leh, late in her pregnancy, was driving in the industrial outskirts of this steamy riverside city when her 2003 Honda City collided with a turning car.

Her airbag's inflator ruptured on the July evening, spraying metal shrapnel into her neck. Ms. Law, 43, bled to death before reaching the hospital, according to the local police.

Doctors performed an emergency operation to deliver Ms. Law's baby, a girl. But she died two days later.

Honda publicly linked the July death to the inflator last Thursday, making it the first fatality outside of the United States tied to faulty airbags made by Takata, a Japanese auto supplier.

"The cause of death for this incident is rupture of the inflator," said a Honda spokesman in Malaysia. Ms. Law's identity was confirmed by the police.

What began as a largely American problem for Takata is taking on ever-wider proportions, confronting drivers and regulators in multiple countries with differing legal systems and attitudes toward automobile safety.

Until the report of Ms. Law's death, the previous four fatalities were in the United States. But faulty inflators, made at North American plants, also ended up in overseas cars. Ms. Law's Honda was manufactured in Thailand.

The spokesman for Honda Malaysia, Jordhatt Johan, said the car was part of a recall in June, although it was limited to passenger airbags. Honda announced a recall last week covering driver airbags.

In the United States, the urgency over the faulty airbags, which has prompted 14.3 million recalls globally, has risen along with the death toll and the injuries. On Tuesday, federal regulators urged automakers to recall cars nationwide that contain driver's-side airbags made by Takata.

Takata is expected to face scrutiny on Thursday over its faulty airbags at a Senate hearing on auto safety. Hiroshi Shimizu, the company's senior vice president for quality assurance in Japan, is set to testify before lawmakers, along with auto executives and safety regulators.

"The problem is that nobody knows how far it's going to go — how many millions more vehicles," said Koji Endo, an expert on the Japanese automobile industry at Advanced Research Japan.

The fallout has been limited on Takata's home turf in Japan. Few incidents of ruptured airbags have been reported by auto regulators. And lawyers aren't clamoring for class-action suits, as in the United States.

Takata's response has also been muted, with its chairman remaining largely mum on the issue in recent months. While the company has apologized broadly to customers affected by the recalls, the only hint that it was bracing for more potential problems came during Takata's recent financial results in early November. Takata, which forecast a wider loss for the year, said it "was not possible to predict further costs" related to the recalls.

"Takata takes very seriously the allegations made against the company," Alby Berman, a Takata spokesman at its North American headquarters in Auburn Hills, Mich., said in a statement. "Our chairman is ensuring that we fully cooperate with the government investigation. He is engaged and committed to leading the company through this process."

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The scope of the regulatory problem in Japan has been relatively limited so far. Between 2009 and 2013, authorities made a series of recalls, in the low thousands, for faulty Takata airbags.



In the course of reporting, The Times obtained video showing the potentially dangerous consequences of mishandling Takata's airbags. Millions of vehicles with the airbags have been recalled worldwide.

Video by Carrie Halperin on Publish Date November 6, 2014.

The first big recall took place in April 2013, covering 700,000 cars made by Toyota, Honda, Nissan and Mazda. All told, regulators in Japan have now recalled 2.3 million cars over malfunctioning airbags.

Just four incidents of ruptured airbags have been reported by Japanese regulators, with no deaths or injuries noted in their recall announcements. They all follow a similar script to a fender-bender involving a Honda in western Japan this spring.

When the 2003 [Honda Fit](#) subcompact struck a parked car, the passenger's-side airbag ruptured, sending heated metal shards into the instrument panel. The heat and force were enough to crack the plastic panel and set it on fire.

As more problems have come to light in the United States, Masato Sahashi, an official at the division of the Transport Ministry that oversees safety recalls, said the ministry had been urging carmakers to search for possible inflater problems in a range of vehicle models beyond those already identified for recalls.

"We're continuing to direct auto manufacturers to proceed quickly with examinations related to airbag abnormalities," he said.

Some experts say defects are often underreported in Japan, because the country's legal system discourages owners of faulty cars from seeking redress from manufacturers. American-style class-action lawsuits were introduced just two years ago, but only for contract disputes, such as battles between condominium buyers and developers. If people injured by faulty products want to sue, they must do so individually, meaning they cannot share legal costs with other plaintiffs.

"There was a big debate about whether to include damage claims in class actions, but the idea was rejected," said Masato Nakamura, a lawyer who is part of a committee at Japan's national bar association that advocates for more consumer-friendly laws. "The opposition came from industry groups. They said it would be bad for businesses, and politicians usually buy that argument."

The potential rewards of suing in Japan are small, too, since courts as a rule do not award punitive damages. So while American personal injury lawyers scour the United States for anyone who might have been hurt by a product suspected of being hazardous, there is little incentive to do the same in Japan. Safety regulators direct complaints first to industry-funded arbitration panels, whose proceedings and outcomes are not made public.

"People think they can't win, so why bother?" Mr. Nakamura said. "The whole process is designed to keep things quiet and away from the courts."

Takata has had safety problems before, and it has found a sympathetic ally in Japanese regulators. In 1996, seven Japanese automakers, along with General Motors and Chrysler, recalled a total of 8.8 million vehicles in the United States, after American safety authorities raised concerns that Takata-made seatbelt buckles could jam or fail to latch. At the time, the recall was the largest in automotive history. The National Highway Traffic Safety Administration said at the time that at least 90 injuries had been linked to the belts, albeit no deaths.

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But Takata, backed by Japanese government officials, initially pushed back against the concerns. Officials in Tokyo were particularly emphatic in their defense of Takata, arguing that similar seatbelt problems were rare in Japan. They also suggested that American drivers were experiencing trouble because they kept their vehicles dirtier than their fastidious Japanese counterparts.

Takata executives in Tokyo have done little to publicly address the latest recall crisis.

The chief executive, Shigehisa Takada, whose grandfather founded the company as a textile manufacturer in 1933, has avoided public appearances since the annual shareholder meeting in June. At the meeting, he apologized to investors for the mounting recall problems, which have weighed on the share price.

Since then, his public messages have been limited to written statements. He also stayed away from an analyst meeting this month.

“Takata has been very conservative and reluctant to provide information,” said Mr. Endo at Advanced Research Japan. “It’s kind of a one-man company. No one inside the company can criticize the owner.”

The affair has dredged up uncomfortable memories of another Japanese safety crisis, at Toyota in 2009 and 2010. The companies share similarities, from origins in the textile industry to the enduring influence of the families that created them. Even their names are similarly derived, as slight variations on those of their founders.

Five years ago, Akio Toyoda, Toyota’s president, was widely criticized for his initial reluctance to address a furor over suspected cases of unintended acceleration in Toyota cars. The malfunctions, also linked to driver deaths, were reported mostly in the United States, and Mr. Toyoda was accused of being out of touch with his company’s sprawling global business. It took Mr. Toyoda’s late but impassioned testimony in Congress and appearances on American television for him to begin taking a public role in the recall crisis.

At the hearing on Thursday, senators are expected to pressure automakers to replace the faulty airbags as quickly as possible. They will also probably grill Mr. Shimizu, the quality assurance executive at Takata, about when the company became aware of safety problems with its airbags, and when it alerted automakers to potential issues.

The New York Times reported this month that Takata found signs of defects with its airbags during secret tests it conducted in 2004, four years earlier than originally believed. Takata has disputed the report.

“It’s obviously in Takata’s interest to cooperate,” Senator Richard Blumenthal, a Democrat from Connecticut who is a member of the Senate committee overseeing the hearing, said in a recent interview. “And what I have not understood,” he added, “is essentially, what caused these explosions?”

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http://www.nytimes.com/2014/11/19/business/defective-takata-airbag-grows-into-global-problem-for-manufacturer.html?partner=rss&emc=rss&smid=tw-nytimes&_r=0

HOW IT WORKS:

Inside the canister, pellets of a propellant based on ammonia nitrate, a common compound used in fertilizer, are ignited and generate the nitrogen gas that inflates the airbag in a fraction of a second.

THE PROBLEM:

Takata has said manufacturing problems, together with exposure to moisture in cars in humid regions, can cause the propellant to degrade. This can make the propellant burn too strongly when the airbag is deployed, rupturing the inflator and sending metal fragments into the car’s interior and injuring the driver or passengers.

