

# Toyota Idling Could Hurt Quality-Based Reputation

Dan Strumpf, AP Auto Writer

NEW YORK (AP) — Toyota's suspension of U.S. sales on an unprecedented scale to fix faulty gas pedals deals a blow to the automaker's reputation for quality and endangers its fledgling earnings recovery.

The suspect parts are made by a U.S. supplier, but they are also found in its European-made vehicles, an official with the automaker said Wednesday. Toyota said it hasn't decided what to do there.

Japan's Toyota Motor Corp. announced late Tuesday it would halt sales of some of its top-selling models to fix gas pedals that could stick and cause unintended acceleration. Last week, Toyota issued a recall for the same eight models affecting 2.3 million vehicles.

Toyota is also suspending production at six North American car-assembly plants beginning the week of Feb. 1. It gave no date on when production could restart.

The timing could not be worse for Toyota. Two years ago, the company beat out General Motors Co. to become the world's largest automaker. Now just weeks into 2010, it is stopping sales in its biggest market, the U.S., at a time when it desperately needs to sell cars here after reporting its first-ever annual loss last year.

The sales and production halt involves several best-selling U.S. models, including the Camry and Corolla sedans and the RAV 4 crossover, a blend of SUV and car whose sales surged last month.

In addition, the problem could spread to Europe, where a similar accelerator part is being used, said Toyota spokeswoman Ririko Takeuchi. She declined to give the number of vehicles affected. The company was studying possible responses there, including a recall, she said.

"For Europe, the number and models potentially concerned are under evaluation," said Philippe Boursereau, spokesman for Toyota France.

Toyota has said it was unaware of any accidents or injuries due to the pedal problems associated with the recall, but could not rule them out for sure.

The sales halt calls into question the aggressive growth strategy pursued under former President Katsuaki Watanabe, a cost-cutting expert, who led the Japanese automaker to the No. 1 spot in global vehicle sales in 2008, analysts say.

## **Toyota Idling Could Hurt Quality-Based Reputation**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

Hitting that milestone coincided with a 437 billion yen (\$4.86 billion) loss during its last fiscal year, marking the worst performance in the company's 72-year history.

The automaker said the U.S. sales suspension includes the following models: the 2009-2010 RAV4, the 2009-2010 Corolla, the 2007-2010 Camry, the 2009-2010 Matrix hatchback, the 2005-2010 Avalon large sedan, the 2010 Highlander crossover, the 2007-2010 Tundra pickup and the 2008-2010 Sequoia large SUV.

"This action is necessary until a remedy is finalized," said Bob Carter, Toyota's group vice president and general manager.

Toyota spokesman Mike Goss said most workers were expected to be at their jobs during the assembly line shutdown. Workers will receive additional training or work on improvements to their assembly processes. They can also take vacation or unpaid leave, he said.

About 300 workers who build V8 engines at a Toyota plant in Huntsville, Ala., will be affected, said Stephanie Deemer, a spokeswoman for the plant. Goss said the shutdowns will also affect engine plants in Georgetown, Ky., and Buffalo, W.Va.

Toyota dealers said they were concerned the move would hamper sales. They hoped parts to fix the problem could be distributed quickly.

Mamoru Katou, analyst at Tokai Tokyo Research, said Toyota was likely reorganizing production plans, such as switching suppliers, and shipping in parts from Japan. "The problem is extremely serious," said Katou. "The models are precisely those Toyota had been preparing to sell in big numbers."

Toyota expects to sell 2.19 million vehicles in North America in 2010, up 11 percent from 2009, according to sales targets released Tuesday. Globally, Toyota said it was planning sales of 8.27 million vehicles this year, up 6 percent from 2009.

But those numbers have not figured in the U.S. sales stoppage, Takeuchi said.

The automaker's problems in the U.S. may be an extension of the spate of quality problems that plagued Toyota several years ago in Japan, its home market, during the aggressive growth strategy pursued under Watanabe.

In 2006, the Japanese government launched a criminal investigation into accidents suspected of being linked to vehicle problems, though nobody was charged. Watanabe later acknowledged overzealous growth was behind the quality problems.

Watanabe was replaced last year by Akio Toyoda, the grandson of Toyota's founder.

Tuesday's announcement follows a larger U.S. recall months earlier of 4.2 million vehicles because of problems with gas pedals becoming trapped under floor mats, causing sudden acceleration. That problem was the cause of several crashes, including some fatalities.

## **Toyota Idling Could Hurt Quality-Based Reputation**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

About 1.7 million vehicles fall under both recalls.

The auto company said the sales suspension wouldn't affect Lexus or Scion vehicles. Toyota said the Prius, Tacoma, Sienna, Venza, Solara, Yaris, 4Runner, FJ Cruiser, Land Cruiser and select Camry models, including all Camry hybrids, would remain for sale. Those vehicles contain gas pedals produced by a different North American supplier from the one whose parts are involved in the current sales halt, Toyota has said.

Toyota sold more than 34,000 Camrys in December, making the midsize sedan America's best-selling car. It commands 3.4 percent of the U.S. market and sales rose 38 percent from a year earlier. Sales of the Corolla and Matrix, a small sedan and a hatchback, totaled 34,220 last month, with 3.3 percent of the market and sales up nearly 55 percent from December of 2008.

—  
*Associated Press Writers Yuri Kageyama in Tokyo, Greg Keller in Paris, Ken Thomas in Washington and Tom Krisher in Detroit contributed to this report.*

**Source URL (retrieved on 08/30/2014 - 2:31am):**

<http://www.impomag.com/news/2010/01/toyota-idling-could-hurt-quality-based-reputation>