Toyota Undaunted By Latest Massive Global Recall

Yuri Kageyama, AP Business Writer

TOKYO (AP) — Toyota executives were unfazed Thursday by the overnight recall of 7.43 million vehicles over faulty power window switches that can cause fires, calling it a sign the Japanese company had learned from its mistakes and was becoming quicker and more transparent.

They said the models affected by the biggest single recall in Toyota Motor Corp.'s 75-year history were all made before global quality controls were beefed up in 2010. The change followed a series of massive recalls, mostly in the U.S., over sticky gas pedals, faulty floor mats and defective braking.

"We are not proud of recalls. But there is nothing wrong with recalls per se. Hiding anything would be the problem," Shigeru Hayakawa, a senior executive, told The Associated Press. "We are dealing with problems more expediently."

Hayakawa and other executives were at a gala event in Tokyo to launch the flagship Lexus LS luxury model. The recall was not mentioned anywhere in the formal presentation.

But the news of the massive recall cast a shadow over the festivities. The sheer size of the latest recall evoked memories of the fiasco in 2009 and 2010, which had prompted Toyota to pay $48.8 million in fines for its slow response.

Another problem was that Toyota initially said the window switch problem hadn't caused any injuries. But documents filed by U.S. safety regulators showed customers reported 161 fires and nine injuries. There have been no crashes or deaths.

Toyota spokesman Keisuke Kirimoto said the public relations division at headquarters that dealt with the recall announcement was not aware of the nine injuries reported at the U.S. National Highway Traffic Safety Administration. It was an embarrassing but honest error, he said.

NHTSA began looking into window switch problems with two Toyota models in February after noticing a higher than normal number of complaints. Most fires were minor, although one destroyed a Camry. Several owners reported that they were afraid to drive their vehicles because of the threat of fires. NHTSA said Wednesday the investigation remains open pending a review of recall documents.

The recall, spanning more than a dozen models sold around the world produced from 2005 through 2010, include the Camry, the top-selling car in the U.S. It's bigger than the 7 million vehicles recalled two years ago for floor mats that can trap

accelerator pedals and cause unintended acceleration.

The new problem centers on the power window switch, which is inside the driver's door and controls when a window is opened or closed. Toyota said grease wasn't applied evenly to the switch during production, causing friction and sometimes smoke and fire.

The Toyota recall "takes some of the sheen off its recovering brand image and should have a financial impact," Standard & Poor's analyst Efraim Levy wrote in a note to investors. Toyota shares shed 1.3 percent in Tokyo trading.

Toyota said it did not know yet how much the latest recall would cost. But it was expected to be smaller than the 170 billion yen ($2 billion) to 180 billion yen ($2.2 billion) Toyota says it shouldered in recall costs for the accelerator, floor mat and brake problem in 2010.

Kiyotaka Ise, president of Lexus International, said the company was so intent on avoiding a repeat of the recall mess of two years ago it had held back rolling out models, including the LS, by several months.

That's why the Lexus model rollouts were coming out so quickly, one after the other, in recent months, and Toyota has channeled major resources into quality checks, he said.

"We are extremely sorry we have inconvenienced our customers," he said in an interview with the AP. "But we have been taking action to never repeat that kind of quality problem again."

Most of the complaints were about a sticky feel to the switches while pushing the button to raise or lower the window, but there also were complaints of the smell of smoke, according to Toyota. Using grease bought at a store to try to fix the problem had made the problem worse in some cases, it said.

The recall includes 2.5 million vehicles in the U.S., where it covers about half the models sold under the Toyota and Scion brands, but it spans all major regions, including Europe, Japan and the rest of Asia.

Analysts said it was too early to tell whether the latest recall would dent Toyota sales, which have been roaring back this year not only from the recall damage, but also from the tsunami and quake disaster last year in northeastern Japan, which had destroyed key suppliers and hobbled global production.

Toyota reclaimed the title of the world's top-selling automaker during the first half of this year, wresting the crown from General Motors Co. Toyota sold 4.97 million vehicles globally in the first half, beating GM by about 300,000.

Source URL (retrieved on *08/21/2014 - 7:26pm*):

http://www.impomag.com/news/2012/10/toyota-undaunted-latest-massive-global-recall?qt-recent_content=0