

Takata Chief Apologizes for Airbag Problems

By Jonathan Soble

June 25, 2015

TOKYO — For the first time since a crisis erupted over deadly defects in airbags made by his family’s company, the reclusive chief executive of the Japanese supplier Takata publicly addressed the issue on Thursday. He offered an apology but defended Takata’s products as fundamentally safe.

“I apologize from my heart to those who have died or been injured,” the chief executive, Shigehisa Takada, said after bowing deeply in a show of remorse. “I feel a heavy responsibility.”

Yet Mr. Takada, the 49-year-old grandson of the company’s founder, did not explain why he had remained all but absent during the crisis that has been at full boil for more than a year.

Even after Toyota and Nissan said on Thursday that they would recall 2.86 million more vehicles equipped with Takata airbags than first announced, Mr. Takada dismissed suggestions that he should resign over what has become the largest automobile safety recall in history. So far, about 35 million vehicles worldwide have been affected.

Takata admitted last month that faults in its airbags could cause their inflators to explode with too much force when they deploy, endangering the drivers and passengers that the safety devices are intended to protect. At least eight deaths and 130 injuries have been linked to the defect.

Mr. Takada made his remarks at a news conference after Takata’s annual shareholder meeting. He had briefly addressed the airbag issue at the last meeting a year ago, where he apologized to the company’s investors. But until Thursday, he

had not spoken directly to the public or taken questions from the news media.

Mr. Takada shed little new light on the nature of the defects, and he acknowledged that Takata was making slow progress with its investigation. The company said it had identified manufacturing failures, which it says have since been resolved, as being responsible for faults in about 10 million airbag inflaters.

Defects traced to the manufacturing problems, mainly careless handling of inflater components at two North American factories, were called “alpha cases” inside the company, Takata executives said on Thursday.

Questions still surround what the company calls “beta cases,” involving inflaters that were not subject to any known mishandling during production but that ruptured anyway. Prolonged exposure to heat and humidity is suspected to be a contributing factor to the failures, but Takata said it was still trying to pinpoint the exact cause or causes.

Mr. Takada and other executives rejected the theory, put forward by some experts, that the basic design of Takata’s inflaters was dangerous because the company uses an explosive propellant, ammonium nitrate, that other airbag manufacturers have avoided because it is deemed potentially unstable.

“We have been working with ammonium nitrate for more than 10 years, and have tested it in a variety of ways,” Mr. Takada said. “As far as I’m concerned, it is safe and reliable.”

Some of Takata’s replacement inflaters also use ammonium nitrate, meaning that if the chemical turns out to be part of the problem, devices in cars that have been recalled and repaired may ultimately fail as well. Takata met with harsh criticism from American lawmakers at a congressional hearing this week, as well as with questions about the replacement airbags.

One automaker, Fiat Chrysler, told the Senate Committee on Commerce, Science and Transportation that it would no longer use Takata inflaters in replacement of driver’s side airbags in its cars, citing Takata’s use of ammonium nitrate.

In a technical presentation on Thursday, Hiroshi Shimizu, a senior vice president at Takata, said it was likely that a combination of factors was behind the “beta cases.”

“There is no evidence that the gas destabilizes on its own,” he said.

The Takada family took the airbag manufacturer public nearly a decade ago, but it still controls a majority of shares, mostly through a family-owned holding company. And the family has tightened its grip over the course of the airbag crisis.



A technician holds a Takata airbag removed from a Honda Pilot in Miami. The inflator is the circular device in the center. Joe Skipper/Reuters

In December, the Takata board voted to replace Stefan Stocker, the Swiss citizen who became president in 2013, and handed responsibility for day-to-day operations to Mr. Takada, who was then in a more symbolic role as chairman. Mr. Takada is now both chairman and president.

The move has had little obvious effect on Takata’s response to the crisis, which has been criticized as slow and poorly communicated.

Takata had planned to allow journalists to observe the shareholder meeting on Thursday, but it denied access at the last moment.

Takata's share price has fallen about 40 percent since the shareholder meeting a year ago. The company suspended dividend payments after it reported a net loss of 29.5 billion yen, or \$238 million, for the fiscal year that ended in March.

The company's official forecast is for a return to profit this year, but with lawsuits in North America and no clear end to the recalls in sight, analysts say the outlook is most likely too optimistic.

Asked on Thursday if he would resign to take responsibility for the crisis, Mr. Takada said he would not.

“My first responsibility is to ensure customers' safety by making sure the company responds firmly to the problem,” he said.

A version of this article appears in print on , Section B, Page 3 of the New York edition with the headline: Takata Chief Apologizes for Problems With Airbags