

Toyota shares sink after Daihatsu suspension, US recall

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Transport ministry officials arrived at Daihatsu's headquarters for an on-site inspection, which an official said will last until at least early next year.

Shares in Japanese auto titan Toyota dived Thursday as a rigged safety test scandal builds at subsidiary Daihatsu, and after it recalled a million

vehicles in the United States over airbag safety concerns.

Daihatsu said Wednesday it would suspend domestic and overseas shipments of all its vehicles in light of an independent panel's [report](#) that found it had been manipulating tests as long ago as 1989.

Toyota expressed its "sincere apologies" and pledged to carry out "a fundamental reform" in light of the findings, which were revealed in the probe following a safety scandal that emerged in April.

The probe "found new irregularities in 174 items within 25 test categories" in addition to wrongdoing previously detected in April and May involving door parts and side-collision tests, Toyota said after the report was released.

On Wednesday, Daihatsu submitted a report to the transport ministry—having already provided one in May—saying new irregularities had been detected in an internal probe, and announced the suspensions.

Japanese officials visited the firm's headquarters Thursday to carry out an inspection.

"We began on-site inspection to find out if the report submitted by Daihatsu (on Wednesday) is true and if there is any other wrongdoing," transport ministry official Nobuhito Kiuchi told AFP.

"Before issuing administrative orders (as punishment), we have to find out facts around the issue," he said, noting that the on-site inspection will continue until at least early next year.

Footage from Japanese broadcasters showed more than a dozen officials entering Daihatsu's Ikeda headquarters in Osaka prefecture.

The news comes after another Toyota affiliate, truck and bus maker Hino Motor, last year revealed falsification of emissions data.

Hours after the Daihatsu report was released, Toyota announced the massive recall of Toyota and Lexus vehicles in the United States, warning that there were concerns about airbag sensors in the front passenger seats.

The vehicles include some of the manufacturing giant's popular Camry, Corolla, and Highlander lines.

These sensors "could have been improperly manufactured, causing a [short circuit](#)," and as a result "the airbag may not deploy as designed in certain crashes, increasing the risk of injury", the company said in a statement.

Shares in Toyota sank as much as 5.6 percent in Tokyo—the most in 18 months—before clawing back some of the losses later in the day.

Still, Bloomberg Intelligence auto analyst Tatsuo Yoshida told AFP that the recall would likely have a limited impact on the firm as the number of vehicles involved is small compared with the firm's production.

"Also, recalling vehicles to fix a defect is not necessarily a bad thing if it is properly filed and executed, as [vehicle](#) recalls are an everyday thing in the auto industry," he added.

However, he said the Daihatsu matter could hurt Toyota financially, and the reforms at the subsidiary could take time as "this (safety) certification issue looks deeply rooted in the company's culture".

A management change would be "a prerequisite for Daihatsu's reform" but "a hasty change in the [management structure](#) could disrupt the

crucial work of investigating the truth and preparing a prescription for reform", he said.

The independent panel blamed Daihatsu's misconduct on the lack of managers' expertise and an opaque work environment.

In April, Daihatsu admitted falsifying crash test results for four of its models, involving a total of 88,000 vehicles made in Thailand and Malaysia in 2022 and 2023.

The report attributed the decades-long irregularities in part to "an excessively tight and rigid development schedule".

Daihatsu employees were "exposed to the intense pressure to pass crash tests on their first attempt" to minimize the number of vehicles destroyed and thereby "reduce costs", committee chair Makoto Kaiami said.

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