

Toyota president sorry for recalls

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Akio Toyoda, president of Toyota Motor, apologised on Friday for defects that have resulted in the Japanese carmaker's recall of more than 8m of its cars, saying he would head a new taskforce within the company to lift quality standards.

"I personally regret that we have caused worry for so many people," he said at a news conference in Nagoya, near the company's headquarters. "I apologise from my heart."

Mr Toyoda, the grandson of the company's founder, had been criticised for not addressing the defect problem publicly since the first recalls were announced in November.

He said the issue had created a "crisis situation" for the world's top-selling carmaker, long renowned for its quality, though he offered little explanation for what went wrong.

On Thursday, Toyota put the cost of fixing millions of faulty accelerator pedals and floor mats at Y100bn (\$1.1bn), while freezing the production and sale of eight affected models was projected to cost it an additional Y70bn-Y80bn this quarter.

The defects and Toyota's response are due to be discussed at two US congressional committees, the first of which is scheduled to convene next week.

Mr Toyoda said the company was still weighing whether to expand its recalls to include Prius hybrids afflicted by a problem that could impede braking on icy or bumpy roads.

On Friday, Standard & Poor's, the credit rating agency, said it had put Toyota's double A debt rating under review with negative implications, citing "increased concern over the potential negative impact of ... recent quality-related issues."

Mr Toyoda said that the company's employees, dealers and suppliers would "unify in their utmost efforts to regain the trust of our customers as soon as possible".

The company, however, surprised the market by saying it expected to return to profit in the year to March as a result of scrappage incentives that have lifted car sales worldwide.

In spite of its recent difficulties, the company expects to earn Y80bn in the 12 months ending March 31, an improvement over its November forecast of a Y200bn net loss.

Toyota's shares rose by 1.1 per cent to Y3,315 on Friday due to its revised earnings forecast, but the company has lost nearly a quarter of its stock market value since it acknowledged the accelerator fault on January 21.

The world's top-selling carmaker has recalled more than 8m vehicles since November to fix accelerator pedals and out-of-position floor mats, which have been linked to crashes.

The US National Highway Traffic Safety Administration on Thursday said that it had received 124 complaints about braking problems on the 2010 model of the Prius, including four relating to crashes. Toyota said it would co-operate fully with the investigation.

Hiroiyuki Yokoyama, Toyota managing director responsible for quality control, said it had not been decided whether to issue a broad recall of the Prius and that the brake problem was not considered a safety threat.

Toyota engineers had reprogrammed the car's anti-lock braking system last month after dealers and the Japanese transport ministry received complaints, he said. For cars already on the road, Toyota would for now perform updates only on request.

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